

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Eaton County		County Eaton	
Audit Date 9/30/05		Opinion Date 1/31/06		Date Accountant Report Submitted to State: 3/9/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

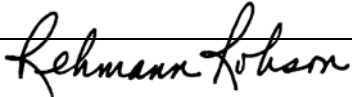
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).	X		

Certified Public Accountant (Firm Name) REHMANN ROBSON GERALD J. DESLOOVER, CPA				
Street Address 5800 GRATIOT, PO BOX 2025		City SAGINAW	State MI	Zip 48605
Accountant Signature 				



EATON COUNTY, MICHIGAN

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
September 30, 2005**

EATON COUNTY, MICHIGAN
For the Fiscal Year Ended September 30, 2005

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* * * * *

INTRODUCTORY SECTION



EATON COUNTY CONTROLLER/PERSONNEL

1045 Independence Blvd
Charlotte, MI 48813

(517) 543-2122
(517) 543-3331 Fax

John F. Fuentes, CPA
Controller

Connie L. Sobie
Assistant Controller

Mary M. Schelles
Personnel Specialist

January 31, 2006

To The Members of the Board of Commissioners:

The Comprehensive Annual Financial Report (CAFR) of Eaton County, Michigan for the fiscal year ended September 30, 2005, is hereby submitted. Responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the County. These financial statements have been prepared in accordance with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB). As required the County has implemented the provisions of GASB Statement No. 34 – Basic Financial Statements – and Management’s Discussion and Analysis, for the fiscal year ended September 30, 2005. All disclosures necessary to enable the reader to gain an understanding of the County’s financial activities have been included.

Format

- The CAFR is presented in four sections: *Introductory, Financial, Statistical and Single Audit*. The Introductory section includes this transmittal, an organizational chart, and a list of principal officials. The Financial section includes the independent auditor’s report, management’s discussion and analysis, the basic financial statements, required supplementary information, and the combining and individual fund and account group financial statements and schedules. The Statistical section includes selected financial and demographic information, depicting the financial history of the County. The Single Audit section includes the auditor’s reports on the schedules of federal financial assistance, compliance, and internal accounting and administrative controls.

Reporting Entity

The financial reporting entity includes all the funds and account groups of the County as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable.

Blended Component Units – although legally separate entities, they are, in substance, part of the primary government’s operations and are included as part of the primary government. The following organizations are reported within the combining, individual fund, and account group financial statements:

- Eaton County Family Independence Agency
- Eaton County Medical Care Facility
- Eaton County Building Authority

Discretely Presented Component Units – are legally separate from the primary government and are reported in separate columns in the combined financial statements to differentiate their financial position and results of operations from those of the primary government. The following are reported as discretely presented component units:

- Eaton County Board of Public Works
- Eaton County Drainage Districts
- Eaton County Road Commission

Joint Ventures – are legal entities that result from a contractual arrangement, or interlocal agreement, which is owned, operated, or governed by two or more participants. The following is reported as a discretely presented component unit:

- Barry/Eaton District Health Department

The following **Related Organization** did not meet the financial accountability criteria and has been excluded from the County's general purpose financial statements:

- Eaton County Transportation Authority

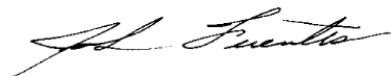
Financial Reporting and Auditing

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and United States Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information pertaining to this single audit, including the auditors' reports on the internal control structure and compliance with laws and regulations, the schedule of federal awards and a schedule of findings and questioned costs, is included in the single audit section of this report.

Independent Audit

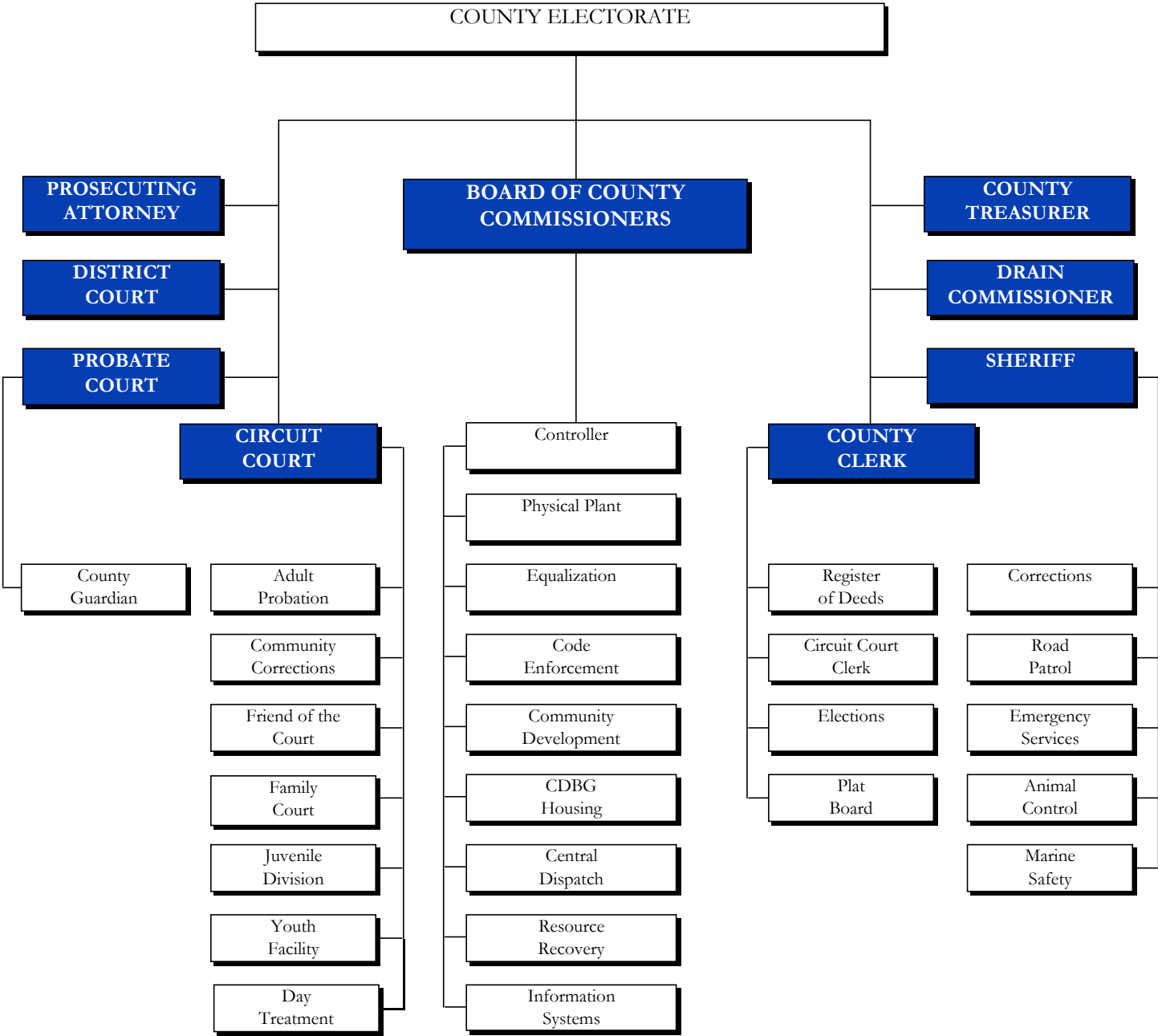
The State of Michigan requires that an annual audit of the financial records and transactions of all departments of the County be performed by an independent certified public accountant. In addition, the audit is designed to meet the requirements set forth in the Single Audit Act of 1984 and related OMB Circular A-133. The auditors' report on the general purpose financial statements is included on the financial section of the report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,



John Fuentes
Controller

ORGANIZATIONAL CHART



ELECTED OFFICIALS IN BLUE

PRINCIPAL OFFICIALS

Board of Commissioners

Mark Smuts, Vice Chair	District 1
Harlan MacDowell	District 2
Alvin Kempf	District 3
Fritz Kellerman	District 4
Jeanne Pearl-Wright	District 5
Leo Farhat Jr.	District 6
Glenn Freeman III	District 7
Joseph Brehler	District 8
John Forell	District 9
Cy Abdo	District 10
Robert Johnson	District 11
L. Daryl Baker	District 12
Carroll Moon	District 13
Denise Clarke	District 14
Leonard Peters, Chairman	District 15

County Clerk/Register of Deeds

M. Fran Fuller

County Sheriff

Michael Raines

County Treasurer

William Conarton, Jr.

Drain Commissioner

Braden Harrington

Prosecuting Attorney

Jeffrey Sauter

Administration

James Stewart, Controller

John Fuentes, CPA, Assistant Controller

FINANCIAL SECTION



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



INDEPENDENT AUDITORS' REPORT

January 31, 2006

The Board of Commissioners
Eaton County, Michigan
Charlotte, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **EATON COUNTY, MICHIGAN**, as of and for the year ended September 30, 2005, which collectively comprise the basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Eaton County Road Commission, which represents 38% of the assets, and 19% of the revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the Eaton County Road Commission is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the report of other auditors, provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Eaton County, Michigan, as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund and each major special revenue fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2006, on our consideration of Eaton County, Michigan's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based upon our audit and the report of other auditors, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive, flowing style with a large initial 'L'.

MANAGEMENT'S DISCUSSION and ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Eaton County, Michigan we offer the readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the accompanying basic financial statements.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$36,205,063 (*net assets*). Of this amount, \$20,236,533 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$5,199,729 during 2005.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general fund, special revenue funds, debt service and capital projects funds) reported combined ending fund balances of \$8,554,869, an increase of \$4,051,310 in comparison with the prior year. Of the fund balance amount, \$8,207,632 is *available for spending* at the government's discretion (*unreserved fund balance*) subject to the inherent limitations of the various funds.
- The general fund had an increase of \$253,869 for 2005. At the end of the year, unreserved fund balance for the general fund was \$880,780, or approximately 3 percent of total general fund expenditures. Total fund balance for the general fund was \$1,210,124.
- The County's total bonded debt, which excludes delinquent tax notes, decreased by \$2,035,000 during the current fiscal year.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the County as a whole (government-wide financial statements) and present a longer-term view of the County's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds.

The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's *net assets* and changes in them. One can think of the County's net assets – the difference between assets and liabilities – as one way to measure the County's financial health, or *financial position*. Over time, *increases or decreases* in the County's net assets are one indicator of whether its *financial health* is improving or deteriorating. During 2005, the net assets of the County increased by \$5,199,729.

The Statement of Net Assets and the Statement of Activities, present information about the following:

Governmental activities. All of the County’s basic services are considered to be governmental activities, including legislative, judicial, general government, public safety, public works, health and welfare, recreation and culture, and other activities. Property taxes, intergovernmental revenue and charges for services finance most of these activities.

Business-type activities. Other functions of the County that are intended to recover all or a significant portion of their costs through user fees and charges are considered to be business-type activities. These include delinquent tax collections and the medical care facility.

Component units. The County includes four legally separate entities in its financial statements: the Eaton County Department of Public Works, the Eaton County Drain Commissioner, the Barry/Eaton District Health Department, and the Eaton County Road Commission. Although legally separate, these “component units” are important because the County is financially accountable for them.

Financial statements for these *component units* are reported separately from the financial information presented for the primary government itself. The Eaton County Building Authority, although also legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 13-15 of this report.

Reporting the County’s Most Significant Funds

Fund Financial Statements. The fund financial statements provide detailed information about the most significant funds – not the County as a whole. Some funds are required to be established by State law or bond covenants. However, the County establishes many other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The County’s two primary kinds of funds – *governmental and proprietary* – use different accounting approaches.

Governmental funds. Most of the County’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the *modified accrual* basis of accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the County’s general governmental operations and the basic services it provides.

Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County’s programs. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 61 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, jail millage, revenue sharing reserve, central dispatch and child care funds, each of which are considered to be major funds. Data from the other 56 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the report.

The basic governmental fund financial statements can be found on pages 16-24 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for delinquent tax operations, medical care facility operations and the operation of a jail commissary. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for payroll fringe benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the delinquent tax operation, medical care facility operation and the operation of the jail commissary. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 25-28 of this report.

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or *fiduciary*, for certain amounts on behalf of others. Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The County's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on page 29 of this report.

Additional Information

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-56 of this report.

The combining statements referred to earlier in connection with nonmajor governmental, enterprise and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 57-99 of this report.

Financial Analysis of the County as a Whole

The government-wide financial analysis focuses on the net assets and changes in net assets of the County's governmental and business-type activities. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the County's assets exceeded its liabilities by \$36,205,063 at September 30, 2005.

Eaton County's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Assets						
Current and other assets	\$ 15,918,233	\$ 12,275,195	\$ 10,251,388	\$ 10,336,173	\$ 26,169,621	\$ 22,611,368
Capital assets, net	18,271,067	18,636,500	10,456,300	9,903,475	28,727,367	28,539,975
Total assets	<u>34,189,300</u>	<u>30,911,695</u>	<u>20,707,688</u>	<u>20,239,648</u>	<u>54,896,988</u>	<u>51,151,343</u>
Liabilities						
Long-term liabilities	7,181,958	8,908,474	8,420,871	7,226,065	15,602,829	16,134,539
Other liabilities	2,159,391	3,720,978	929,705	290,491	3,089,096	4,011,469
Total liabilities	<u>9,341,349</u>	<u>12,629,452</u>	<u>9,350,576</u>	<u>7,516,556</u>	<u>18,691,925</u>	<u>20,146,008</u>
Net assets						
Invested in capital assets, net of related debt	12,780,203	11,295,862	3,091,300	2,283,475	15,871,503	13,579,337
Restricted	97,027	99,042	-	-	97,027	99,042
Unrestricted	<u>11,970,721</u>	<u>6,887,338</u>	<u>8,265,812</u>	<u>10,439,617</u>	<u>20,236,533</u>	<u>17,326,955</u>
Total net assets	<u>\$ 24,847,951</u>	<u>\$ 18,282,242</u>	<u>\$ 11,357,112</u>	<u>\$ 12,723,092</u>	<u>\$ 36,205,063</u>	<u>\$ 31,005,334</u>

A portion of the County's net assets, \$15,871,503 (43.8 percent), is its investment in capital assets (i.e., land, buildings, vehicles, equipment and infrastructure), net of any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets, \$97,027 (less than 1 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$20,236,533 (55.9 percent), may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories (invested in capital assets-net of related debt, restricted and unrestricted) of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The County's net assets increased by \$5,199,729 during the current fiscal year – an increase of \$6,565,709 for governmental activities and a decrease of \$1,365,980 for business-type activities.

Governmental activities. Governmental activities increased the County's net assets by \$6,565,709, accounting for 100 percent of the total growth in the net assets of the County. Key elements of this increase are as follows:

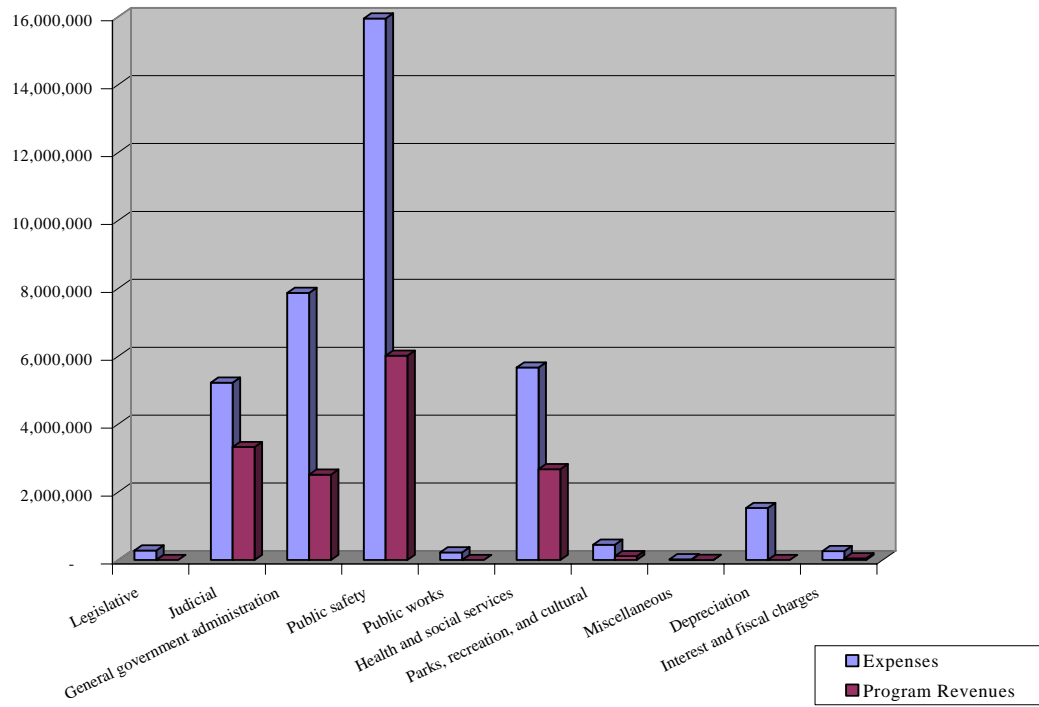
- Property taxes increased by \$7,581,907 (approximately 39 percent) during the year. This increase is the product of increased taxable values and residential growth, and the accelerated collection of 1/3 of the county allocated millage in July 2005, as required by P.A. 357 of 2004.
- State shared revenue decreased by \$1,787,137 (100 percent), due to the elimination of county statutory revenue sharing by the State.
- Charges for services decreased by \$623,416 (11 percent) during the year attributed in part to decreases in construction permit revenue and fees generated in the Register of Deeds Technology Fund.

- Operating grants for governmental activities increased by \$1,021,167 (12 percent) during the year. This increase is associated with the County's acquisition of new private grants and increases in reimbursement for expenditure-driven State and Federal grant programs.

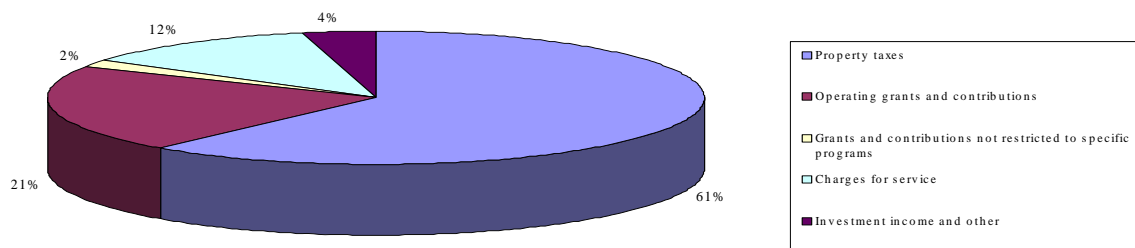
Eaton County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues:						
Charges for services	\$ 5,282,156	\$ 5,905,572	\$ 6,655,783	\$ 6,440,640	\$ 11,937,939	\$ 12,346,212
Operating grants and contributions	9,416,630	8,395,463	22,965	23,349	9,439,595	8,418,812
General revenues:						
Property taxes	27,076,106	19,494,199	-	-	27,076,106	19,494,199
State shared revenue	-	1,787,137	-	-	-	1,787,137
Grants and contributions not restricted to specific programs	717,480	667,154	-	-	717,480	667,154
Unrestricted investment earnings	548,689	272,840	161,576	45,984	710,265	318,824
Total revenues	<u>43,041,061</u>	<u>36,522,365</u>	<u>6,840,324</u>	<u>6,509,973</u>	<u>49,881,385</u>	<u>43,032,338</u>
Expenses						
Legislative	281,854	235,081	-	-	281,854	235,081
Judicial	5,225,599	4,945,618	-	-	5,225,599	4,945,618
General government	7,869,274	7,338,872	-	-	7,869,274	7,338,872
Public safety	15,950,828	15,332,304	-	-	15,950,828	15,332,304
Public works	226,239	249,485	-	-	226,239	249,485
Health and social services	5,668,936	5,979,781	-	-	5,668,936	5,979,781
Parks, recreation, and cultural	452,371	442,972	-	-	452,371	442,972
Miscellaneous	23,850	28,162	-	-	23,850	28,162
Unallocated depreciation	1,533,308	1,389,369	-	-	1,533,308	1,389,369
Interest on long-term debt	261,042	342,179	-	-	261,042	342,179
Medical Care Facility operation	-	-	7,029,483	5,467,823	7,029,483	5,467,823
Jail Commissary	-	-	92,789	103,085	92,789	103,085
Delinquent tax collections	-	-	66,083	36,761	66,083	36,761
Total expenses	<u>37,493,301</u>	<u>36,283,823</u>	<u>7,188,355</u>	<u>5,607,669</u>	<u>44,681,656</u>	<u>41,891,492</u>
Change in net assets before transfers	5,547,760	238,542	(348,031)	902,304	5,199,729	1,140,846
Transfers	<u>1,017,949</u>	<u>2,138,123</u>	<u>(1,017,949)</u>	<u>(2,138,123)</u>	<u>-</u>	<u>-</u>
Change in net assets	6,565,709	2,376,665	(1,365,980)	(1,235,819)	5,199,729	1,140,846
Net assets, beginning of year	<u>18,282,242</u>	<u>15,905,577</u>	<u>12,723,092</u>	<u>13,958,911</u>	<u>31,005,334</u>	<u>29,864,488</u>
Net assets, end of year	<u>\$ 24,847,951</u>	<u>\$ 18,282,242</u>	<u>\$ 11,357,112</u>	<u>\$ 12,723,092</u>	<u>\$ 36,205,063</u>	<u>\$ 31,005,334</u>

Expenses and Program Revenues - Governmental Activities

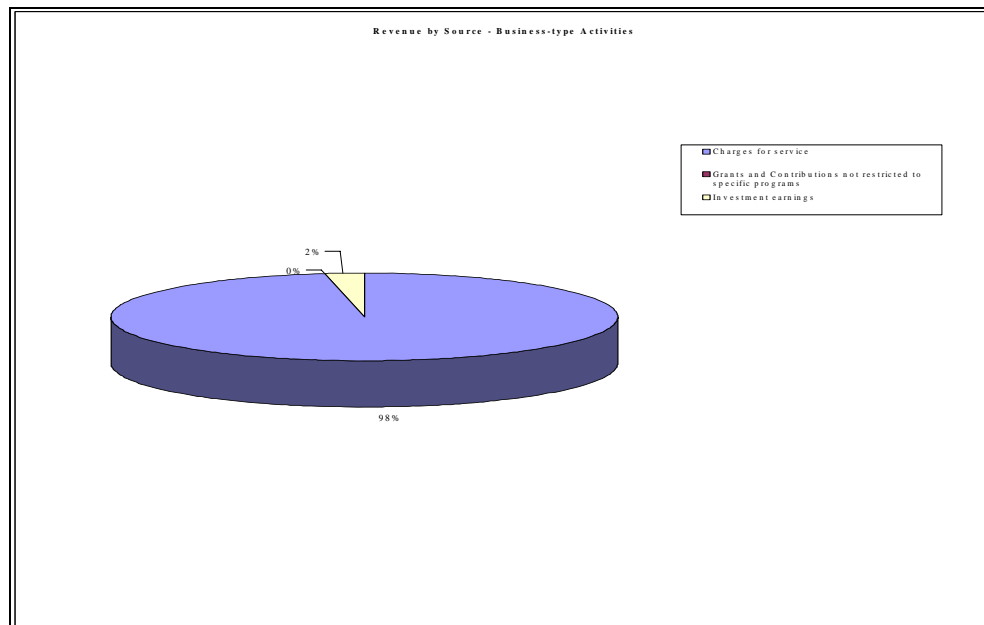
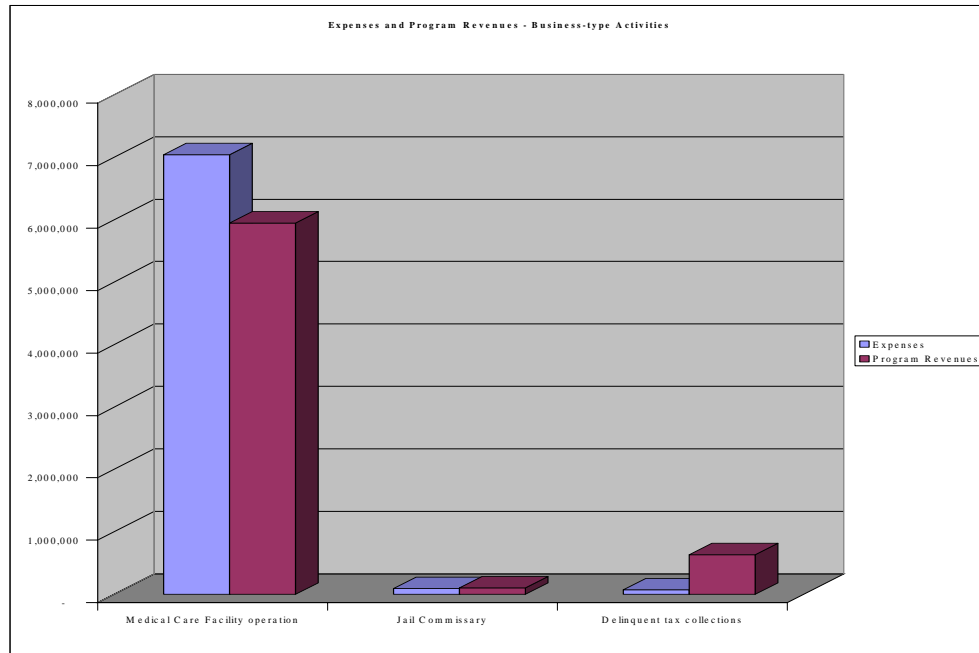


Revenue by Source - Governmental Activities



Business-type activities. Business-type activities decreased the County's net assets by \$1,365,980, for the current year. Key elements of the current year decrease are as follows:

- Charges for services for business-type activities increased approximately \$215,143 compared to the prior year.
- Transfers out to the General Fund amounted to \$1,017,949, which was \$1,120,174 less than the prior year.
- Medical Care Facility operating revenues increased \$350,980, but operating expenses increased \$1,039,273 (including an increase of \$257,883 in depreciation expense) as the process of settling into a reconstructed facility occurred during 2005.



Financial Analysis of the County's Funds

As noted earlier, Eaton County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$8,554,869 an increase of \$4,051,310 in comparison with the prior year. Of the fund balance amount, \$8,207,632 constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$880,780, while total fund balance was \$1,210,124. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 3 percent of the total general fund expenditures.

The fund balance of the County's general fund increased by \$253,869 during the current fiscal year. This is primarily attributable to reductions in State revenue sharing, which were replaced by the accelerated collection of the county allocated millage.

The financial position of the jail millage fund decreased by \$151,174, due primarily to increased principal retirement on the refunding bond issue.

The revenue sharing reserve fund has a total fund balance of \$2,729,611, which is a result of the collection of 1/3 of the county's property tax levy in July 2005, as required by P.A. 357 of 2004, which was enacted to change the collection date of county allocated millages from December 1st to July 1st of each year, to replace the revenue lost by counties due to the elimination of statutory revenue sharing.

The central dispatch fund had a total fund balance of \$708,737.

The child care fund has a fund balance of \$55,915.

Proprietary funds. The County's proprietary funds provide the same type of information in the government-wide financial statements, but in more detail.

Unrestricted net assets of the delinquent tax revolving, medical care facility, and jail commissary enterprise funds at the end of the year amounted to \$7,253,859, \$4,075,600, and \$27,653, respectively. The delinquent tax revolving fund had a decrease in net assets for the year of \$423,358 and jail commissary fund had an increase of \$9,427. Other factors concerning the finances of the delinquent tax and medical care facility funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Revenues in the general fund (including transfers in) increased by \$820,937 from the original to the final budget. Expenditures in the general fund (including transfers out) decreased by \$242,215 from the original to the final budget.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental activities as of September 30, 2005 amounted to \$18,271,067 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and vehicles and equipment. The total decrease in the County's investment in capital assets for the current fiscal year was 2 percent. The County's business-type activities' capital assets increased by \$552,825.

Major capital asset events during the current fiscal year included completion of the Medical Care Facility expansion and renovation project, which included current year capital equipment purchases of \$1,272,035.

Eaton County's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land and land improvements	\$ 102,628	\$ 102,628	\$ 112,314	\$ 112,314	\$ 214,942	\$ 214,942
Buildings and improvements	15,810,219	16,648,369	9,263,014	238,054	25,073,233	16,886,423
Vehicles and equipment	2,358,220	1,885,502	1,080,972	474,150	3,439,192	2,359,652
Construction in progress	-	-	-	9,078,957	-	9,078,957
	<u>\$ 18,271,067</u>	<u>\$ 18,636,499</u>	<u>\$ 10,456,300</u>	<u>\$ 9,903,475</u>	<u>\$ 28,727,367</u>	<u>\$ 28,539,974</u>

Additional information on the County's capital assets can be found in note F. on pages 44-45 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$13,070,018. This entire amount comprises debt backed by the full faith and credit of the County.

Eaton County's Outstanding Debt
General Obligation

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 4,760,000	\$ 6,540,000	\$ 7,365,000	\$ 7,620,000	\$ 12,125,000	\$ 14,160,000
Delinquent tax notes	-	-	945,018	-	945,018	-
	<u>\$ 4,760,000</u>	<u>\$ 6,540,000</u>	<u>\$ 8,310,018</u>	<u>\$ 7,620,000</u>	<u>\$ 13,070,018</u>	<u>\$ 14,160,000</u>

The County's total debt decreased by \$1,089,982 (7.7 percent) during the current fiscal year. The County retired debt of \$2,035,000 in general obligation bonds during 2005.

The only new borrowing during the year was \$2,250,000 in delinquent tax notes for business-type activities. Debt requirements for general obligation bonds of \$2,310,000 and interest of \$490,259 are payable during 2006.

The County has an "A+" rating for general obligation bonds from Standard & Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for the County is \$359,525,143, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note H on pages 46-49 of this report.

Economic Factors and next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for the 2006 fiscal year:

- Property tax revenues are budgeted to increase 5.6% in 2006.
- Part of the State of Michigan's strategy for balancing its current and future budgets was to eliminate county statutory revenue sharing. Changes in the General Property Tax Act, which changed when county property taxes are due and created a Revenue Sharing Reserve Fund, which the county can draw from, replaced this revenue. The County is restricted to drawing against this reserve fund to an amount equal to that which it would have otherwise received through the previous revenue sharing program, as calculated by the State (\$1,955,729 for 2006).
- County voters approved a millage on November 2, 2005 to fund juvenile prevention and treatment programs, which will help to reduce the reliance on the General Fund, in the amount of \$288,395 to continue to fund the escalating costs of out-of-home detention and treatment programs for juveniles. New preventive programs have been implemented utilizing these funds to further impact increases in cost in the future. The County is also considering expanding its youth facility to increase the capacity of its day treatment program and implement further community-based programs utilizing the millage, to provide more alternatives to out-of-home placements.
- During the development of the 2005-06 budget an equivalent of seven FTEs were eliminated as part of a long-term budget balancing strategy.

During the current fiscal year, unreserved fund balance in the general fund increased by \$253,869. The general rule of thumb is that fund balances can be used to help governments weather bad times but should not be used as a means of funding routine operations. In 2006, the County has budgeted to use \$800,741 from fund balance in the general fund.

Contacting the County's Controller

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Eaton County Controller, 1045 Independence Boulevard, Charlotte, Michigan 48813.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN

Statement of Net Assets

September 30, 2005

	Primary Government			Component
	Governmental	Business-Type	Totals	Units
	Activities	Activities		
Assets				
Cash and cash equivalents	\$ 6,263,740	\$ 6,363,751	\$ 12,627,491	\$ 38,728,703
Restricted cash	-	18,504	18,504	-
Investments	4,293,760	-	4,293,760	-
Receivables, net	5,080,506	3,746,900	8,827,406	48,784,989
Internal balances	67	(67)	-	-
Other assets	280,160	122,300	402,460	1,352,786
Leases receivable	-	-	-	8,695,589
Capital assets not being depreciated	102,628	112,314	214,942	23,360,317
Capital assets being depreciated, net	18,168,439	10,343,986	28,512,425	95,890,102
Total assets	34,189,300	20,707,688	54,896,988	216,812,486
Liabilities				
Accounts payable and accrued expenses	1,824,810	904,851	2,729,661	3,905,149
Interest payable	81,891	24,854	106,745	399,924
Unearned revenue	252,690	-	252,690	175,454
Short-term notes payable	-	-	-	1,180,000
Long-term liabilities:				
Due within one year	2,256,996	1,237,518	3,494,514	3,197,945
Due in more than one year	4,924,962	7,183,353	12,108,315	61,792,664
Total liabilities	9,341,349	9,350,576	18,691,925	70,651,136
Net assets				
Invested in capital assets, net of related debt	12,780,203	3,091,300	15,871,503	90,969,034
Restricted for:				
Debt service	-	-	-	24,202,089
Permanent trusts	97,027	-	97,027	581,793
Unrestricted	11,970,721	8,265,812	20,236,533	30,408,434
Total net assets	\$ 24,847,951	\$ 11,357,112	\$ 36,205,063	\$ 146,161,350

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Activities
For the Year Ended September 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 281,854	\$ -	\$ -	\$ -	\$ (281,854)
Judicial	5,225,599	1,439,455	1,887,354	-	(1,898,790)
General government	7,869,274	1,887,274	629,324	-	(5,352,676)
Public safety	15,950,828	1,486,228	4,531,917	-	(9,932,683)
Public works	226,239	-	-	-	(226,239)
Health and social services	5,668,936	365,995	2,307,469	-	(2,995,472)
Parks, recreation, and cultural	452,371	103,204	9,914	-	(339,253)
Miscellaneous	23,850	-	2,032	-	(21,818)
Unallocated depreciation	1,533,308	-	-	-	(1,533,308)
Interest on long-term debt	261,042	-	48,620	-	(212,422)
Total governmental activities	37,493,301	5,282,156	9,416,630	-	(22,794,515)
Business-type activities:					
Medical Care Facility operation	7,029,483	5,943,801	-	-	(1,085,682)
Jail Commissary	92,789	102,151	65	-	9,427
Delinquent tax collections	66,083	609,831	22,900	-	566,648
Total business-type activities	7,188,355	6,655,783	22,965	-	(509,607)
Total primary government	\$ 44,681,656	\$ 11,937,939	\$ 9,439,595	\$ -	\$ (23,304,122)
Component units					
Board of Public Works	\$ 379,044	\$ -	\$ 365,068	\$ -	\$ (13,976)
Drainage Districts	1,816,416	1,273,170	18,465	43,763,866	43,239,085
District Health Department	6,596,863	2,494,971	4,688,902	-	587,010
Road Commission	12,692,010	105,154	12,185,318	-	(401,538)
Total component units	\$ 21,484,333	\$ 3,873,295	\$ 17,257,753	\$ 43,763,866	\$ 43,410,581

Continued...

EATON COUNTY, MICHIGAN
Statement of Activities (Concluded)
For the Year Ended September 30, 2005

	Primary Government			Component
	Governmental	Business-type	Totals	Units
	Activities	Activities		
Change in net assets				
Net (expense) revenue	\$ (22,794,515)	\$ (509,607)	\$ (23,304,122)	\$ 43,410,581
General revenues:				
Property taxes	27,076,106	-	27,076,106	-
Grants and contributions not restricted to specific programs	717,480	-	717,480	-
Unrestricted investment earnings	548,689	161,576	710,265	429,457
Transfers - internal activities	1,017,949	(1,017,949)	-	-
Total general revenues and transfers	29,360,224	(856,373)	28,503,851	429,457
Change in net assets	6,565,709	(1,365,980)	5,199,729	43,840,038
Net assets, October 1, as restated	18,282,242	12,723,092	31,005,334	102,321,312
Net assets, September 30	<u>\$ 24,847,951</u>	<u>\$ 11,357,112</u>	<u>\$ 36,205,063</u>	<u>\$ 146,161,350</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN
Balance Sheet - Governmental Funds
September 30, 2005

	<u>General</u>	<u>Jail Millage</u>	<u>Revenue Sharing Reserve</u>	<u>Central Dispatch</u>	<u>Child Care</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>							
Assets							
Cash and cash equivalents	\$ -	\$ 664,272	\$ 392,783	\$ 839,521	\$ -	\$ 3,233,414	\$ 5,129,990
Receivables:							
Property taxes	2,219,002	31,967	-	30,983	-	2,448	2,284,400
Accounts, net	37,428	4,000	-	-	184,162	71,706	297,296
Due from other governments:							
Federal/State	1,190,391	4,252	-	-	532,710	452,014	2,179,367
Local	199,443	-	-	-	-	-	199,443
Interfund receivable	-	-	2,336,828	-	-	-	2,336,828
Prepays	209,344	-	-	17,893	-	-	227,237
Advances to component unit	120,000	-	-	-	-	-	120,000
<u>TOTAL ASSETS</u>	<u>\$ 3,975,608</u>	<u>\$ 704,491</u>	<u>\$ 2,729,611</u>	<u>\$ 888,397</u>	<u>\$ 716,872</u>	<u>\$ 3,759,582</u>	<u>\$ 12,774,561</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities							
Accounts payable	\$ 314,106	\$ 9,279	\$ -	\$ 86,276	\$ 100,147	\$ 101,060	\$ 610,868
Accrued liabilities	500,891	20,250	-	54,172	44,035	57,559	676,907
Due to other governmental units:							
Federal/State	-	-	-	-	127,596	107,695	235,291
Due to other funds	82,560	3,928	-	8,229	4,727	7,664	107,108
Interfund payable	1,692,023	-	-	-	384,452	260,353	2,336,828
Deferred revenue	175,904	31,967	-	30,983	-	13,836	252,690
Total liabilities	2,765,484	65,424	-	179,660	660,957	548,167	4,219,692
Fund balances							
Reserved for prepaids/advances	329,344	-	-	17,893	-	-	347,237
Unreserved:							
Designated for:							
Subsequent year expenditures	800,741	91,633	-	-	-	-	892,374
Subsequent year expenditures, reported in nonmajor special revenue funds	-	-	-	-	-	1,288,536	1,288,536
Undesignated	80,039	547,434	2,729,611	690,844	55,915	-	4,103,843
Undesignated, reported in nonmajor:							
Special revenue funds	-	-	-	-	-	1,825,852	1,825,852
Permanent funds	-	-	-	-	-	97,027	97,027
Total fund balances	1,210,124	639,067	2,729,611	708,737	55,915	3,211,415	8,554,869
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 3,975,608</u>	<u>\$ 704,491</u>	<u>\$ 2,729,611</u>	<u>\$ 888,397</u>	<u>\$ 716,872</u>	<u>\$ 3,759,582</u>	<u>\$ 12,774,561</u>

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
September 30, 2005

Total fund balances for governmental funds	\$	8,554,869
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - capital assets	\$ 36,998,509	
Deduct - accumulated depreciation	(18,727,442)	18,271,067

Long-term bonded debt is not due and payable in the current period and therefore not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement.

Deduct - bonds and notes payable	(5,490,864)	
Deduct - interest payable	(81,891)	(5,572,755)

Internal service funds are used by management to charge costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	5,285,864
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Accrued vacation and sick time earned by eligible employees is not payable in the current period and therefore is not reported in the funds; however, these amounts are included in the Statement of Net Assets.	(1,691,094)
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Net assets of governmental activities	\$	<u><u>24,847,951</u></u>
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The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2005

	<u>General</u>	<u>Jail Millage</u>	<u>Revenue Sharing Reserve</u>	<u>Central Dispatch</u>	<u>Child Care</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues							
Property taxes	\$ 15,437,591	\$ 2,743,040	\$ 5,017,444	\$ 2,731,430	\$ -	\$ 1,146,601	\$ 27,076,106
Licenses and permits	221,227	-	-	-	-	753,135	974,362
Intergovernmental:							
Federal/State	3,246,829	8,027	-	167,692	1,359,803	2,254,042	7,036,393
Local	2,346,520	-	-	1,794	31,814	49,247	2,429,375
Charges for services	2,846,966	-	-	-	100,086	991,239	3,938,291
Fines and forfeitures	121,345	-	-	-	-	37,567	158,912
Interest and rents	423,744	9,060	14,083	15,400	-	15,598	477,885
Miscellaneous	241,292	4,000	-	-	25,484	402,340	673,116
	<u>24,885,514</u>	<u>2,764,127</u>	<u>5,031,527</u>	<u>2,916,316</u>	<u>1,517,187</u>	<u>5,649,769</u>	<u>42,764,440</u>
Expenditures							
Current:							
Legislative	287,810	-	-	-	-	-	287,810
Judicial	5,167,280	-	-	-	-	140,660	5,307,940
General government	6,670,587	-	403,150	-	-	190,655	7,264,392
Public safety	11,530,222	790,253	-	2,280,037	-	1,791,707	16,392,219
Public works	226,239	-	-	-	-	-	226,239
Health and social services	1,473,753	-	-	-	3,078,185	1,161,490	5,713,428
Parks, recreation and culture	11,000	-	-	-	-	446,868	457,868
Miscellaneous	9,760	-	-	-	-	14,090	23,850
Capital outlay	122,416	47,249	-	436,229	-	1,287,017	1,892,911
Debt service:							
Principal	-	-	-	-	-	1,849,774	1,849,774
Interest and fiscal charges	-	-	-	-	-	314,648	314,648
	<u>25,499,067</u>	<u>837,502</u>	<u>403,150</u>	<u>2,716,266</u>	<u>3,078,185</u>	<u>7,196,909</u>	<u>39,731,079</u>
Revenues over (under) expenditures	<u>(613,553)</u>	<u>1,926,625</u>	<u>4,628,377</u>	<u>200,050</u>	<u>(1,560,998)</u>	<u>(1,547,140)</u>	<u>3,033,361</u>
Other financing sources (uses)							
Transfers in	3,408,166	-	-	170,379	1,605,928	3,435,885	8,620,358
Transfers out	<u>(2,540,744)</u>	<u>(2,077,799)</u>	<u>(1,898,766)</u>	<u>(194,535)</u>	<u>-</u>	<u>(890,565)</u>	<u>(7,602,409)</u>
	<u>867,422</u>	<u>(2,077,799)</u>	<u>(1,898,766)</u>	<u>(24,156)</u>	<u>1,605,928</u>	<u>2,545,320</u>	<u>1,017,949</u>
Net change in fund balances	253,869	(151,174)	2,729,611	175,894	44,930	998,180	4,051,310
Fund balances, October 1	<u>956,255</u>	<u>790,241</u>	<u>-</u>	<u>532,843</u>	<u>10,985</u>	<u>2,213,235</u>	<u>4,503,559</u>
Fund balances, September 30	<u>\$ 1,210,124</u>	<u>\$ 639,067</u>	<u>\$ 2,729,611</u>	<u>\$ 708,737</u>	<u>\$ 55,915</u>	<u>\$ 3,211,415</u>	<u>\$ 8,554,869</u>

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2005

Net change in fund balance - total governmental funds	\$	4,051,310
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Add - capital outlay	\$	1,171,120	
Deduct - depreciation expense		(1,533,308)	
Deduct - loss on disposal of capital assets		<u>(3,244)</u>	(365,432)

Bond proceeds provide current financial resources to the governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets. This is the amount proceeds exceed repayments.

Add - repayment of debt principal		1,849,774
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Accrued interest expense on bonds is not recorded by governmental funds, but is reported under interest and fiscal charges for purposes of net assets.

Add - decrease in accrued interest expense		53,606
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Some expenses reported in the Statement of Activities do not require the use current financial resources and therefore are not reported as fund expenditures.

Deduct - increase in accrued compensated absences		(123,258)
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Internal service funds are used by management to charge costs of certain activities, such as insurance, to individual funds. The net change in net assets of the internal service funds is reported with governmental activities in the Statement of Activities.

		<u>1,099,709</u>
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Changes in net assets of governmental activities	\$	<u>6,565,709</u>
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The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Taxes	\$ 15,215,408	\$ 15,215,408	\$ 15,437,591	\$ 222,183
Licenses and permits	240,000	240,000	221,227	(18,773)
Intergovernmental:				
Federal/State	4,824,872	3,300,863	3,246,829	(54,034)
Local	2,327,825	2,343,209	2,346,520	3,311
Charges for services	3,381,808	3,381,808	2,846,966	(534,842)
Fines and forfeitures	182,650	182,650	121,345	(61,305)
Interest and rents	319,000	319,000	423,744	104,744
Miscellaneous	250,239	281,035	241,292	(39,743)
	<u>26,741,802</u>	<u>25,263,973</u>	<u>24,885,514</u>	<u>(378,459)</u>
Expenditures				
Current:				
Legislative	258,476	288,182	287,810	372
Judicial	5,256,974	5,354,512	5,167,280	187,232
General government administration	6,964,632	6,950,698	6,670,587	280,111
Public safety	11,345,043	11,644,109	11,530,222	113,887
Public works	355,000	354,335	226,239	128,096
Health and social services	1,505,447	1,515,466	1,473,753	41,713
Parks, recreation, and cultural	11,000	11,000	11,000	-
Miscellaneous	484,800	108,944	9,760	99,184
Capital outlay	379,096	378,987	122,416	256,571
	<u>26,560,468</u>	<u>26,606,233</u>	<u>25,499,067</u>	<u>1,107,166</u>
Revenues over (under) expenditures	<u>181,334</u>	<u>(1,342,260)</u>	<u>(613,553)</u>	<u>728,707</u>
Other financing sources (uses)				
Transfers in	1,102,727	3,401,493	3,408,166	6,673
Transfers out	<u>(2,879,219)</u>	<u>(2,591,239)</u>	<u>(2,540,744)</u>	<u>50,495</u>
	<u>(1,776,492)</u>	<u>810,254</u>	<u>867,422</u>	<u>57,168</u>
Net changes in fund balance	<u>(1,595,158)</u>	<u>(532,006)</u>	<u>253,869</u>	<u>785,875</u>
Fund balance, October 1	<u>1,595,158</u>	<u>956,255</u>	<u>956,255</u>	<u>-</u>
Fund balance, September 30	<u>\$ -</u>	<u>\$ 424,249</u>	<u>\$ 1,210,124</u>	<u>\$ 785,875</u>

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Jail Millage Special Revenue Fund
For the Year Ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Taxes	\$ 2,730,021	\$ 2,730,021	\$ 2,743,040	\$ 13,019
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/State	36,636	36,636	8,027	(28,609)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	9,060	9,060
Miscellaneous	-	-	4,000	4,000
	<u>2,766,657</u>	<u>2,766,657</u>	<u>2,764,127</u>	<u>(2,530)</u>
Total revenues				
Expenditures				
Current:				
Legislative	-	-	-	-
Judicial	-	-	-	-
General government administration	-	-	-	-
Public safety	850,306	861,903	790,253	71,650
Public works	-	-	-	-
Health and social services	-	-	-	-
Parks, recreation and culture	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	60,509	60,509	47,249	13,260
	<u>910,815</u>	<u>922,412</u>	<u>837,502</u>	<u>84,910</u>
Total expenditures				
Revenues over expenditures	<u>1,855,842</u>	<u>1,844,245</u>	<u>1,926,625</u>	<u>82,380</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(2,040,425)	(2,077,800)	(2,077,799)	1
	<u>(2,040,425)</u>	<u>(2,077,800)</u>	<u>(2,077,799)</u>	<u>1</u>
Total other sources (uses)				
Net changes in fund balance	(184,583)	(233,555)	(151,174)	82,381
Fund balance, October 1	<u>790,241</u>	<u>790,241</u>	<u>790,241</u>	<u>-</u>
Fund balance, September 30	<u>\$ 605,658</u>	<u>\$ 556,686</u>	<u>\$ 639,067</u>	<u>\$ 82,381</u>

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Revenue Sharing Reserve Special Revenue Fund
For the Year Ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Taxes	\$ -	\$ 2,301,916	\$ 5,017,444	\$ 2,715,528
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	14,083	14,083
Miscellaneous	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>2,301,916</u>	<u>5,031,527</u>	<u>2,729,611</u>
Expenditures				
Current:				
Legislative	-	-	-	-
Judicial	-	-	-	-
General government administration	-	403,150	403,150	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and social services	-	-	-	-
Parks, recreation and culture	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>403,150</u>	<u>403,150</u>	<u>-</u>
Revenues over expenditures	<u>-</u>	<u>1,898,766</u>	<u>4,628,377</u>	<u>2,729,611</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	(1,898,766)	(1,898,766)	-
	<u>-</u>	<u>(1,898,766)</u>	<u>(1,898,766)</u>	<u>-</u>
Total other sources (uses)	<u>-</u>	<u>(1,898,766)</u>	<u>(1,898,766)</u>	<u>-</u>
Net changes in fund balance	<u>-</u>	<u>-</u>	<u>2,729,611</u>	<u>2,729,611</u>
Fund balance, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,729,611</u>	<u>\$ 2,729,611</u>

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Central Dispatch Special Revenue Fund
For the Year Ended September 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Revenues				
Taxes	\$ 2,638,186	\$ 2,638,186	\$ 2,731,430	\$ 93,244
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/State	170,674	170,674	167,692	(2,982)
Local	2,500	2,500	1,794	(706)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	5,000	5,000	15,400	10,400
Miscellaneous	-	-	-	-
Total revenues	<u>2,816,360</u>	<u>2,816,360</u>	<u>2,916,316</u>	<u>99,956</u>
Expenditures				
Current:				
Legislative	-	-	-	-
Judicial	-	-	-	-
General government administration	-	-	-	-
Public safety	2,444,041	2,449,885	2,280,037	169,848
Public works	-	-	-	-
Health and social services	-	-	-	-
Parks, recreation and culture	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	<u>77,310</u>	<u>735,626</u>	<u>436,229</u>	<u>299,397</u>
Total expenditures	<u>2,521,351</u>	<u>3,185,511</u>	<u>2,716,266</u>	<u>469,245</u>
Revenues over (under) expenditures	<u>295,009</u>	<u>(369,151)</u>	<u>200,050</u>	<u>569,201</u>
Other financing sources (uses)				
Transfers in	-	170,379	170,379	-
Transfers out	<u>(325,323)</u>	<u>(194,535)</u>	<u>(194,535)</u>	<u>-</u>
Total other sources (uses)	<u>(325,323)</u>	<u>(24,156)</u>	<u>(24,156)</u>	<u>-</u>
Net changes in fund balance	(30,314)	(393,307)	175,894	569,201
Fund balance, October 1	<u>532,843</u>	<u>532,843</u>	<u>532,843</u>	<u>-</u>
Fund balance, September 30	<u><u>\$ 502,529</u></u>	<u><u>\$ 139,536</u></u>	<u><u>\$ 708,737</u></u>	<u><u>\$ 569,201</u></u>

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Child Care Special Revenue Fund
For the Year Ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/State	1,194,260	1,413,356	1,359,803	(53,553)
Local	60,000	60,000	31,814	(28,186)
Charges for services	150,000	150,000	100,086	(49,914)
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	33,750	25,484	(8,266)
	<u>1,404,260</u>	<u>1,657,106</u>	<u>1,517,187</u>	<u>(139,919)</u>
Total revenues				
Expenditures				
Current:				
Legislative	-	-	-	-
Judicial	-	-	-	-
General government administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and social services	3,014,655	3,267,501	3,078,185	189,316
Parks, recreation and culture	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
	<u>3,014,655</u>	<u>3,267,501</u>	<u>3,078,185</u>	<u>189,316</u>
Total expenditures				
Revenues over (under) expenditures	<u>(1,610,395)</u>	<u>(1,610,395)</u>	<u>(1,560,998)</u>	<u>49,397</u>
Other financing sources (uses)				
Transfers in	1,610,395	1,610,395	1,605,928	(4,467)
Transfers out	-	-	-	-
	<u>1,610,395</u>	<u>1,610,395</u>	<u>1,605,928</u>	<u>(4,467)</u>
Total other sources (uses)				
Net changes in fund balance	-	-	44,930	44,930
Fund balance, October 1	<u>10,985</u>	<u>10,985</u>	<u>10,985</u>	<u>-</u>
Fund balance, September 30	<u>\$ 10,985</u>	<u>\$ 10,985</u>	<u>\$ 55,915</u>	<u>\$ 44,930</u>

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN

Statement of Net Assets

Proprietary Funds

September 30, 2005

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	Jail Commissary	Total	
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,462,816	\$ 4,879,207	\$ 21,728	\$ 6,363,751	\$ 1,133,750
Restricted cash	18,504	-	-	18,504	-
Investments	-	-	-	-	4,293,760
Receivables:					
Property taxes	-	3,316,656	-	3,316,656	-
Accounts, net	414,891	-	-	414,891	-
Other	-	15,353	-	15,353	-
Due from other funds	-	-	-	-	107,175
Inventories	47,898	-	9,835	57,733	-
Prepays	-	-	-	-	52,923
Unamortized bond issuance costs	64,567	-	-	64,567	-
Total current assets	<u>2,008,676</u>	<u>8,211,216</u>	<u>31,563</u>	<u>10,251,455</u>	<u>5,587,608</u>
Noncurrent assets:					
Land	112,314	-	-	112,314	-
Buildings	9,862,132	-	-	9,862,132	-
Equipment	1,392,801	-	-	1,392,801	-
Accumulated depreciation	(910,947)	-	-	(910,947)	-
Total noncurrent assets	<u>10,456,300</u>	<u>-</u>	<u>-</u>	<u>10,456,300</u>	<u>-</u>
Total assets	<u>12,464,976</u>	<u>8,211,216</u>	<u>31,563</u>	<u>20,707,755</u>	<u>5,587,608</u>
Liabilities					
Current liabilities:					
Accounts payable	671,342	12,339	3,319	687,000	141,206
Accrued liabilities	199,324	-	524	199,848	160,538
Due to other funds	-	-	67	67	-
Interest payable	24,854	-	-	24,854	-
Payable from restricted assets	18,003	-	-	18,003	-
Current portion of:					
Accrued compensated absences	22,500	-	-	22,500	-
Bonds and notes payable	270,000	945,018	-	1,215,018	-
Total current liabilities	<u>1,206,023</u>	<u>957,357</u>	<u>3,910</u>	<u>2,167,290</u>	<u>301,744</u>
Noncurrent liabilities -					
Long-term debt, net of current portion:					
Accrued compensated absences	88,353	-	-	88,353	-
Bonds and notes payable	7,095,000	-	-	7,095,000	-
Total noncurrent liabilities	<u>7,183,353</u>	<u>-</u>	<u>-</u>	<u>7,183,353</u>	<u>-</u>
Total liabilities	<u>8,389,376</u>	<u>957,357</u>	<u>3,910</u>	<u>9,350,643</u>	<u>301,744</u>
Net assets					
Invested in capital assets, net of related debt	3,091,300	-	-	3,091,300	-
Unrestricted	984,300	7,253,859	27,653	8,265,812	5,285,864
Total net assets	<u>\$ 4,075,600</u>	<u>\$ 7,253,859</u>	<u>\$ 27,653</u>	<u>\$ 11,357,112</u>	<u>\$ 5,285,864</u>

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenses and
Changes in Net Assets
Proprietary funds
For the Year Ended September 30, 2005

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	Jail Commissary	Total	
Operating revenues					
Charges for services	\$ 5,943,801	\$ -	\$ -	\$ 5,943,801	\$ 3,793,859
Interest on taxes	-	415,789	-	415,789	-
Sales	-	-	102,151	102,151	-
Administrative fees/penalties	-	193,983	-	193,983	-
Other revenues	-	22,959	65	23,024	445
Total operating revenues	5,943,801	632,731	102,216	6,678,748	3,794,304
Operating expenses					
Personal services and benefits	4,632,213	4,357	14,542	4,651,112	1,639,796
Operating supplies	450,910	10,421	76,933	538,264	-
Contractual services	429,397	7,073	1,314	437,784	200,823
Insurance and claims	-	-	-	-	1,130,597
Depreciation and amortization	399,955	-	-	399,955	-
Tax tribunal refunds	-	33,098	-	33,098	-
Other expenses	793,545	39	-	793,584	-
Total operating expenses	6,706,020	54,988	92,789	6,853,797	2,971,216
Operating income (loss)	(762,219)	577,743	9,427	(175,049)	823,088
Nonoperating revenues (expenses)					
Interest income	1,582	159,994	-	161,576	15,986
Interest expense	(177,209)	(11,095)	-	(188,304)	-
Unrealized gain on investment	-	-	-	-	260,635
Loss on disposal of capital assets	(316,841)	-	-	(316,841)	-
Intergovernmental transfers in	3,910,362	-	-	3,910,362	-
Intergovernmental transfers out	(3,739,775)	-	-	(3,739,775)	-
Total nonoperating revenues	(321,881)	148,899	-	(172,982)	276,621
Income (loss) before transfers	(1,084,100)	726,642	9,427	(348,031)	1,099,709
Transfers in	132,051	691,031	-	823,082	-
Transfers out	-	(1,841,031)	-	(1,841,031)	-
Change in net assets	(952,049)	(423,358)	9,427	(1,365,980)	1,099,709
Net assets, October 1, as restated	5,027,649	7,677,217	18,226	12,723,092	4,186,155
Net assets, September 30	\$ 4,075,600	\$ 7,253,859	\$ 27,653	\$ 11,357,112	\$ 5,285,864

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2005

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	Jail Commissary	Total	
Cash flows from operating activities					
Cash received from customers	\$ 6,105,207	\$ 5,533,155	\$ 102,216	\$ 11,740,578	\$ -
Cash received from interfund services	-	-	-	-	3,779,432
Cash paid to local units for receivables	-	(5,882,602)	-	(5,882,602)	-
Cash paid to/for employees	(4,583,583)	(4,357)	(14,450)	(4,602,390)	(2,484,255)
Cash paid to suppliers	(2,045,507)	(13,871)	(79,778)	(2,139,156)	(865,007)
Net cash provided (used) by operating activities	(523,883)	(367,675)	7,988	(883,570)	430,170
Cash flows from noncapital financing activities					
Transfer in	132,051	691,031	-	823,082	-
Transfer out	-	(1,841,031)	-	(1,841,031)	-
Advances from/to other funds	-	(500,000)	-	(500,000)	-
Tax notes issued	-	2,250,000	-	2,250,000	-
Tax notes redeemed	-	(1,304,982)	-	(1,304,982)	-
Interest paid on tax notes / advances	-	(11,094)	-	(11,094)	-
Intergovernmental transfers in	3,910,362	-	-	3,910,362	-
Intergovernmental transfers out	(3,739,775)	-	-	(3,739,775)	-
Increase in restricted liabilities	3,155	-	-	3,155	-
Net cash provided (used) by noncapital financing activities	305,793	(716,076)	-	(410,283)	-
Cash flows from capital and related financing activities					
Interest paid on debt	(152,355)	-	-	(152,355)	-
Principal paid on debt	(255,000)	-	-	(255,000)	-
Capital acquisitions	(1,272,035)	-	-	(1,272,035)	-
Net cash provided (used) by capital and related financing activities	(141,048)	-	-	(141,048)	-
Cash flows from investing activities					
Purchase of investments	-	-	-	-	(400,000)
Interest received	1,582	145,317	-	146,899	15,986
Net cash provided (used) by investing activities	1,582	145,317	-	146,899	(384,014)
Net increase (decrease) in cash and cash equivalents	(1,488,543)	(938,434)	7,988	(2,418,989)	46,156
Cash and cash equivalents, October 1	2,969,863	5,817,641	13,740	8,801,244	1,087,594
Cash and cash equivalents, September 30	\$ 1,481,320	\$ 4,879,207	\$ 21,728	\$ 6,382,255	\$ 1,133,750

Continued...

EATON COUNTY, MICHIGAN
Statement of Cash Flows (Concluded)
Proprietary Funds
For the Year Ended September 30, 2005

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	Jail Commissary	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (762,219)	\$ 577,743	\$ 9,427	\$ (175,049)	\$ 823,088
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	399,955	-	-	399,955	-
Change in assets and liabilities:					
Taxes receivable	-	(949,128)	-	(949,128)	-
Accounts receivable	161,406	48	-	161,454	-
Inventories	(5,450)	-	347	(5,103)	-
Prepays	-	-	-	-	(38,542)
Due from other funds	-	-	-	-	(14,871)
Accounts payable	572,923	3,662	(1,878)	574,707	(99,028)
Accrued liabilities	36,415	-	82	36,497	(240,477)
Due to other funds	(939,128)	-	10	(939,118)	-
Accrued compensated absences	12,215	-	-	12,215	-
Net cash provided (used) by operating activities	\$ (523,883)	\$ (367,675)	\$ 7,988	\$ (883,570)	\$ 430,170

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2005

Assets

Cash and cash equivalents	\$ 6,709,820
Investments	<u>20,798</u>
Total assets	<u><u>\$ 6,730,618</u></u>

Liabilities

Accounts payable	\$ 43,255
Due to individuals/agencies	642,875
Due to other governmental units	<u>6,044,488</u>
Total liabilities	<u><u>\$ 6,730,618</u></u>

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Combining Statement of Net Assets
Discretely Presented Component Units
September 30, 2005

	Board of Public Works	Drainage Districts	District Health	Road Commission	Total
Assets					
Cash and cash equivalents	\$ 4,931,766	\$ 31,101,039	\$ 1,369,573	\$ 1,326,325	\$ 38,728,703
Receivables:					
Special assessments	-	45,880,754	-		45,880,754
Accounts, net	-	-	812,800	198,422	1,011,222
Other	-	9,196	-	-	9,196
Due from other governmental units:					
Federal/State	-	9,584	-	1,305,654	1,315,238
Local	-	-	-	568,579	568,579
Due from other funds	-	66,576	-	-	66,576
Inventories	-	-	-	307,252	307,252
Prepays	-	-	54,695	627,668	682,363
Leases receivable	8,695,589	-	-	-	8,695,589
Bond issuance costs	140,495	222,676	-	-	363,171
Capital assets not being depreciated	-	8,605,581	-	14,754,736	23,360,317
Capital assets being depreciated, net	-	32,744,099	203,202	62,942,801	95,890,102
Total assets	13,767,850	118,639,505	2,440,270	82,031,437	216,879,062
Liabilities					
Accounts payable	331,784	1,693,466	392,031	821,763	3,239,044
Accrued liabilities	-	-	175,558	160,191	335,749
Interest payable	75,126	287,000		37,798	399,924
Due to other funds	-	66,576	-	-	66,576
Contract retainage payable	-	-	-	210,356	210,356
Deferred revenue	-	-	1,582	173,872	175,454
Advances from primary government	-	120,000	-	-	120,000
Short-term notes payable	-	1,180,000	-	-	1,180,000
Long-term debt:					
Due within one year	915,000	1,790,602	37,343	455,000	3,197,945
Due in more than one year	12,401,936	42,716,471	336,091	6,338,166	61,792,664
Total liabilities	13,723,846	47,854,115	942,605	8,197,146	70,717,712
Net assets					
Invested in capital assets, net of related debt	-	19,513,295	203,202	71,252,537	90,969,034
Restricted for debt service	-	24,202,089	-	-	24,202,089
Restricted for highway projects	-	-	-	581,793	581,793
Unrestricted	44,004	27,070,006	1,294,463	1,999,961	30,408,434
Total net assets	\$ 44,004	\$ 70,785,390	\$ 1,497,665	\$ 73,834,291	\$ 146,161,350

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Combining Statement of Activities
Discretely Presented Component Units
For the Year Ended September 30, 2005

	<u>Board of Public Works</u>	<u>Drainage Districts</u>	<u>District Health</u>	<u>Road Commission</u>	<u>Total</u>
Expenses					
Public works	\$ 379,044	\$ 1,816,416	\$ -	\$ -	\$ 2,195,460
Health and social services	-	-	6,596,863	-	6,596,863
Highways and streets	-	-	-	12,692,010	12,692,010
	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,692,010</u>	<u>12,692,010</u>
Total expenses	<u>379,044</u>	<u>1,816,416</u>	<u>6,596,863</u>	<u>12,692,010</u>	<u>21,484,333</u>
Program revenues					
Charges for services	-	1,273,170	2,494,971	105,154	3,873,295
Operating grants and contributions	365,068	18,465	4,688,902	12,185,318	17,257,753
Capital grants and contributions	-	43,763,866	-	-	43,763,866
	<u>-</u>	<u>43,763,866</u>	<u>-</u>	<u>-</u>	<u>43,763,866</u>
Total program revenues	<u>365,068</u>	<u>45,055,501</u>	<u>7,183,873</u>	<u>12,290,472</u>	<u>64,894,914</u>
Net program revenue	(13,976)	43,239,085	587,010	(401,538)	43,410,581
General revenues					
Unrestricted investment earnings	<u>57,980</u>	<u>325,171</u>	<u>-</u>	<u>46,306</u>	<u>429,457</u>
Change in net assets	44,004	43,564,256	587,010	(355,232)	43,840,038
Net assets, October 1, as restated	<u>-</u>	<u>27,221,134</u>	<u>910,655</u>	<u>74,189,523</u>	<u>102,321,312</u>
Net assets, September 30	<u>\$ 44,004</u>	<u>\$ 70,785,390</u>	<u>\$ 1,497,665</u>	<u>\$ 73,834,291</u>	<u>\$ 146,161,350</u>

The accompanying notes are an integral part of these financial statements.

NOTES to the FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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EATON COUNTY, MICHIGAN

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Eaton County, Michigan (the “County” or “government”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing U.S. governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

1. *Reporting Entity*

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Blended Component Units

Eaton County Department of Human Services – is governed by a three-member board, which consists of two members appointed by the County Board of Commissioners and one State-appointed member. The Board is responsible for establishing policies and overseeing the local administration of the Department of Human Services and the State of Michigan Social Welfare program. State law requires local activities to be blended with the local primary government even though the employees of the Eaton County Department of Human Services are employees of the State of Michigan and substantially all of the programs are financed through the State. In accordance with State law, the Department of Human Services has been included as a special revenue fund.

Eaton County Medical Care Facility – provides skilled long-term care to residents of the County and is not considered legally separate from the County; therefore, it has been included in the County’s financial statements as an enterprise fund.

Eaton County Building Authority – is governed by a three-member Board appointed by the County Board of Commissioners. Although it is legally separate from the County, the Eaton County Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the County’s public buildings.

Discretely Presented Component Units

Eaton County Road Commission – is governed by a three-member Board of Road Commissioners that is appointed by the County Board of Commissioners. The Road Commission maintains local, state and federal trunklines in Eaton County with financing primarily from the distribution of gas and weight taxes, federal financial assistance, and contributions from other local governments. The County must authorize all long-term debt issuances of the Road Commission, excluding capital lease purchase agreements. Complete financial statements for the Road Commission may be obtained by contacting the Eaton County Road Commission at 1112 Reynolds Road, Charlotte, Michigan 48813.

Eaton County Board of Public Works (BPW) – is governed by a seven-member Board that consists of six County Board of Commissioners appointees and the Eaton County Drain Commissioner. The BPW Board oversees the operations of the BPW, while establishing policy and administering various public works construction projects and debt service funds under Act 185 of the Public Acts of 1957. The BPW is financially accountable to the County because all general obligation debt issuances require County authorization and are backed by the full faith and credit of the County. The BPW does not issue separate financial statements.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Eaton County Drainage Districts – are governed by the Eaton County Drain Commissioner, who is responsible for planning, developing and maintaining surface water drainage systems, while maintaining a file for the financing, construction and maintenance of each County drain. The Drain Commissioner has authority to spend up to \$2,500 per mile on drain maintenance and borrow up to \$150,000 from any source to provide for drain maintenance without Board of Commissioners' approval and without going through the Michigan Municipal Finance Division. The Drain Commissioner has authority to levy special assessments on properties benefiting from maintenance. The Drainage Districts are financially accountable to the County because bond issuances greater than \$150,000 require County authorization and are backed by the full faith and credit of the County. Separate financial statements are not issued for the Drainage Districts.

Joint Venture

A joint venture is a legal entity or other organization that results from a contractual arrangement, or interlocal agreement, which is owned, operated or governed by two or more participants. The entity is subject to joint control with financial interest and responsibility by its participants.

Barry/Eaton County District Health Department (DHD) – is a joint venture between Barry and Eaton counties. The DHD was established to provide public health services with a current funding formula of 65 and 35 percent from Eaton and Barry counties, respectively. Due to the treasury function resting with the Eaton County Treasurer, the DHD is presented as a discretely presented component unit of Eaton County. The DHD does not issue separate financial statements.

Related Organization

A related organization is a legal entity for which the government appoints a voting majority of governing body, but for which it is not financially accountable.

Eaton County Transportation Authority – is governed by a three-member board comprised of one Board of Commissioner member and two at-large appointees made by the Board. The Transportation Authority is a legally separate entity established to provide public transportation services to citizens within the County. The County levies and collects a millage for the Transportation Authority, but it does not hold title to the Authority's assets, nor does it have rights or obligations to surpluses or deficits of the Transportation Authority. Accordingly, it is not reported as a component unit of the County.

Jointly Governed Organizations

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

Tri-County Community Mental Health Board – is governed by a 12-member board appointed by the Boards of Commissioners of Ingham, Eaton and Clinton counties for which it services. Operating revenues are derived from fees for services and from federal, state and local sources; Eaton County appropriated \$362,421 to the Tri-County Community Mental Health Board for the year ended September 30, 2005.

Tri-County Regional Planning Commission – is governed by the political jurisdictions it serves including the cities of Lansing and East Lansing; Delta and Meridian townships; the Michigan Department of Transportation; and the counties, road commissions and transit authorities of Ingham, Eaton and Clinton counties. The Planning Commission adopts a proposed budget during February and submits the budget, thereby requesting a contribution from each governmental unit. Eaton County contributed \$89,315 for fiscal 2005.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Tri-County Office on Aging – is governed by a 13-member board appointed by the Board of Commissioners from the three counties it services – Ingham, Eaton and Clinton. The Office on Aging provides services to older residents of the three counties and receives its operating revenues from fees for services and from federal, state and local sources, of which Eaton County appropriated \$57,069 for the year ended September 30, 2005.

Mid-South Substance Abuse Commission – is governed by 19 members from nine counties, of which Eaton County appoints two members. The County's financial responsibility is to pass through to the Commission a portion of the convention and tourism revenues it receives and, if needed, such additional funds based on the ratio of board membership. The County contributed \$186,618 for the year ended September 30, 2005.

Lansing Tri-County Employment and Training Consortium – is governed by a 12-member board, of which the County appoints two members. The County has no financial responsibility other than potential liability from appropriated use of funds as the Consortium's revenue is derived from federal and state grants.

2. *Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Property taxes, state shared revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *jail millage fund* accounts for the voter-approved millage to operate and service the debt of the county jail.

The *revenue sharing reserve fund* is mandated by the State of Michigan and accounts for property tax collections to serve as a substitute for state revenue sharing payments. This substitute funding mechanism involves a gradual shift of County property tax millage from a winter to a summer tax levy.

The *central dispatch fund* accounts for the operations of the countywide 911 dispatch center and the millage approved by county voters for the operation of the facility.

The *child care fund* accounts for the administration of the County's foster care system, including the administration of in-home/out-of-home placements of delinquent and foster care youth, financed through State reimbursements and general fund appropriations.

The County reports the following major proprietary funds:

The *medical care facility fund* accounts for the operation of the County's long-term adult care facility.

The *delinquent tax revolving fund* accounts for the annual purchase of delinquent real property taxes from each of the local taxing units within the county, and the ultimate collection from the property owners of the delinquent taxes with penalty and interest.

The *jail commissary fund* accounts for the operation of the sale of products to jail inmates.

Additionally, the County reports the following fund types:

Special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

Debt service funds account for the servicing of general long-term debt not being financed by proprietary funds.

Permanent funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

Internal service funds account for operations that provide self-insurance services (i.e., general liability, workers' compensation, life and disability, unemployment, and retirees' health insurance) to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first and then unrestricted resources as they are needed.

4. *Assets, Liabilities and Equity*

Deposits and Investment – The County pools cash resources of various funds in order to facilitate the management of cash; however, cash applicable to a particular fund is readily identifiable. Sufficient cash is retained in the pooled cash accounts to meet current operating requirements and excess cash is invested in various interest bearing securities and disclosed as part of the County's investments. Cash equivalents consist of temporary investments in certificates of deposit, with maturities from date of purchase of 90 days or less, investment trust funds, and mutual funds. The investment trust funds have the general characteristics of demand deposit accounts.

Investments are stated at fair value and consist of commercial paper and certificates of deposit with original maturities of greater than 90 days.

State statutes authorizes the County to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

Receivables and Payables – Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payable". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Receivables consist of accounts receivable related to charges for services and amounts due from governmental units for various financial assistance programs and State shared revenues. The County has established allowances for doubtful accounts to estimate uncollectible accounts receivable in the child care, medical care facility and district health department funds. The County utilizes the direct write-off method for all other funds as past experience indicates the write-off of accounts receivable for these funds are immaterial and do not warrant the use of allowance accounts.

Inventories – The cost of inventory items in the primary government for all funds is recorded as an expenditure at the time of purchase. Inventories of the medical care facility and jail commissary funds consist of medical supplies and miscellaneous hygiene and consumer products, respectively, which are stated at the lower of first-in, first-out (FIFO) or market.

The cost of inventory items in the Road Commission is recorded as an expenditure when they are used (i.e., consumption method). Inventories of the Road Commission consist of road materials and equipment parts, which are stated at the lower of average cost or market.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Prepays – Certain payments to vendors (particularly for insurance coverage) reflect costs that are applicable to a future period and are recorded as prepaid items.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, drains and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual costs of \$5,000 or more (\$200,000 for infrastructure) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government and Drainage Districts component unit are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	5-40 years
Equipment	3-10 years
Vehicles	2-5 years
Infrastructure - drains	40 years

Capital assets of the Road Commission component unit are depreciated as follows:

Buildings	Straight-line	40 years
Equipment	Sum-of-years-digits	5-8 years
Roads	Straight-line	5-30 years
Bridges	Straight-line	15-50 years
Other infrastructure	Straight-line	8-20 years

Compensated Absences – Eligible employees are permitted to accumulate earned but unused vacation benefits in varying amounts based on length of service and certain other established criteria. Amounts not expected to be liquidated with expendable available financial resources are accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds only if these amounts have matured, for example, as a result of employee resignations or retirements.

Long-term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. *Budgetary Information*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year-end. The legal level of budgetary control is at the activity level for the general fund and the functional level for the special revenue funds; for control purposes, all budgets are maintained at the activity and account level. Budgetary transfers between funds, amendments to total fund, department or activity budgets, or increases to salary or capital outlay accounts in excess of \$2,500 require Board approval. The Board made several supplemental budgetary appropriations throughout the year that were not considered material.

Prior to May 1 of each year, the County departments working in conjunction with the Controllers Office prepare and submit their proposed budgets, including expenditures and estimated revenues, for the fiscal year commencing the following October 1. Following a public hearing to obtain taxpayer comments, the budgets are legally enacted prior to September 30 through passage of a budget resolution.

2. *Excess of Expenditures over Appropriations*

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended September 30, 2005, the County incurred expenditures in excess of the amounts appropriated as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund			
Health and social services - Mid-South substance abuse	\$ 172,000	\$ 186,618	\$ (14,618)
Nonmajor special revenue funds			
Vertical drug prosecution - public safety	61,507	61,737	(230)
Community prosecution - public safety	228,967	229,456	(489)

3. *Deficit Fund Equity*

The veterans trust special revenue fund reported a deficit fund balance of \$318 as of September 30, 2005. Also, the dental self-insurance internal service fund reported deficit net assets of \$7,171 at year-end.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

C. DEPOSITS AND INVESTMENTS

Summary of Deposit and Investment Balances. Following is a reconciliation of deposit and investment balances as of September 30, 2005:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Financial Statements:			
Statement of Net Assets:			
Cash and cash equivalents	\$ 12,627,491	\$ 38,728,703	\$ 51,356,194
Restricted cash	18,504	-	18,504
Investments	4,293,760	-	4,293,760
Statement of Fiduciary Assets and Liabilities:			
Cash and cash equivalents	6,709,820	-	6,709,820
Investments	20,798	-	20,798
Total	<u>\$ 23,670,373</u>	<u>\$ 38,728,703</u>	<u>\$ 62,399,076</u>
Deposits and Investments:			
Bank deposits (checking accounts, savings accounts and CDs)			\$ 1,294,226
Investments in securities, mutual funds and similar vehicles:			
Treasurer's pool			56,803,435
Retirees health insurance fund			4,293,760
Cash on hand			7,655
Total			<u>\$ 62,399,076</u>

County's Cash and Investment Pool

Custodial Credit Risk - Deposits. For deposits, custodial credit risk is the risk, that in the event of a bank failure, the County's deposits may not be returned to the government. As of September 30, 2005, \$2,830,689 of the County's total bank balance of \$3,230,689 (total book balance was \$1,294,226) was exposed to custodial credit risk as it was uninsured and uncollateralized.

The County's investment policy requires that only those banks or savings and loan institutions that are members of the FDIC or FSLIC will be considered for depository purposes, but recognizes that it is impractical to insure all bank deposits due to the limitations of depository insurance. As a result, the County evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy requires that investment securities shall be kept in the County Treasurer's office in a fireproof vault, although certificates of deposit may be held in safekeeping by the financial institution. As of September 30, 2005, all of the investments in the Treasurer's pool totaling \$56,803,435 were in money market accounts, which are not subject to custodial credit risk.

Credit Risk. The County's investments in money market accounts are not rated and comply with the County's policy regarding the types of investments it may hold.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Retirees Health Insurance Fund Investments

The retiree health insurance fund investments are maintained separately from the County's cash and investment pool, and are subject to separate investment policies and state statutes. Accordingly, the required disclosures for the fund's investments are presented separately.

The Public Employee Retirement System Investment Act, Public Act 314 of 1965, as amended, authorizes the fund to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The County Treasurer has the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the fund's assets.

The fund's investments are held in three bank-administered trust accounts. Following is a summary of the fund's investments as of September 30, 2005:

Investments at fair value, as determined

by quoted market price:

U.S. treasuries	\$ 751,384
U.S. agencies	843,868
Corporate securities	362,992
Equities	2,172,343
Money market accounts	<u>163,173</u>

Total investments \$ 4,293,760

Credit Risk. As of September 30, 2005, the fund's investments in securities of U.S. agencies were all rated AAA by Standard & Poor's. The fund's investments in corporate securities were rated by Standard & Poor's as follows:

AAA	\$ 26,325
AA	35,822
A	218,928
BBB	27,231
BB	<u>54,686</u>
	<u><u>\$ 362,992</u></u>

The County's policy is to comply with Public Act 314 as referenced above; such statute does not provide specific guidelines regarding credit risk.

Custodial Credit Risk. The County does not have a policy regarding custodial credit risk for the fund's investments. However, while uninsured and unregistered, the fund's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the County's name.

Concentration of Credit Risk. At September 30, 2005, the fund investment portfolio was concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
U.S. agencies	Federal National Mortgage Association	8.3%
	Federal Home Loan Mortgage Association	5.7%

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The County's policy is to comply with Public Act 314 as referenced above; such statute does not provide specific limitations on the holdings of U.S. agencies securities.

Interest Rate Risk. As of September 30, 2005, maturities of the fund's debt securities were as follows:

	<u>Fair Value</u>	<u>Investment Maturities (fair value by years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
U.S. treasuries	\$ 751,384	\$ -	\$ 441,670	\$ 208,458	\$ 101,256
U.S. agencies	843,868	328,426	440,419	75,023	-
Corporate securities	362,992	75,978	287,014	-	-
Total debt securities	\$ 1,958,244	\$ 404,404	\$ 1,169,103	\$ 283,481	\$ 101,256

Of the above balances, \$117,577 of corporate securities were callable.

The County's investment policy for this fund does not address interest rate risk.

D. RECEIVABLES

Receivables as of September 30, 2005 are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Property taxes	\$ 2,284,400	\$ 3,316,656	\$ -
Accounts receivable	297,296	440,244	1,016,726
Less allowance for doubtful accounts	-	(10,000)	(5,504)
Special assessments	-	-	45,880,754
Interest	-	-	9,196
Due from other governments	2,378,810	-	1,883,817
Advances to component unit	120,000	-	-
Total	\$ 5,080,506	\$ 3,746,900	\$ 48,784,989

Leases receivable in the Public Works component unit represents amounts receivable from other local governments for the water and sewer systems constructed for them using bonds issued by the County. The receivable is equal to the outstanding bond principal plus accrued interest as of September 30, 2005. The current portion of the receivable is equal to the current portion of the related debt plus accrued interest.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (general fund)	\$ -	\$ 175,904
Property taxes receivable (other governmental funds)	-	65,398
Grant drawdowns prior to meeting all eligibility requirements	-	11,388
	\$ -	\$ 252,690

EATON COUNTY, MICHIGAN

Notes to Financial Statements

E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund receivables and payables at September 30, 2005 is as follows:

	<u>Receivable</u>	<u>Payable</u>
Due from (to) other funds		
General fund	\$ -	\$ 82,560
Jail millage fund	-	3,928
Central dispatch fund	-	8,229
Child care fund	-	4,727
Nonmajor governmental funds	-	7,664
Jail commissary fund	-	67
Internal service funds	107,175	-
	<u>\$ 107,175</u>	<u>\$ 107,175</u>
Interfund receivable (payable)		
General fund	\$ -	\$ 1,692,023
Revenue sharing	2,336,828	-
Child care fund	-	384,452
Nonmajor governmental funds	-	260,353
	<u>\$ 2,336,828</u>	<u>\$ 2,336,828</u>

The due from (to) other funds resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Amounts reported as interfund payables are funds with negative cash pool balances, which is equal to interfund receivable reported in the revenue sharing reserve fund. Certain amounts reported as internal balances between the governmental and business-type activities in the statement of net assets relate to the elimination of the internal service funds.

For the year ended September 30, 2005, interfund transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 3,408,166	\$ 2,540,744
Jail millage fund	-	2,077,799
Revenue sharing reserve	-	1,898,766
Central dispatch fund	170,379	194,535
Child care fund	1,605,928	-
Nonmajor governmental	3,435,885	890,565
Medical care facility fund	132,051	
Delinquent tax revolving	691,031	1,841,031
	<u>\$ 9,443,440</u>	<u>\$ 9,443,440</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

F. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2005 was as follows:

	Balance October 1, 2004	Additions	Disposals	Balance September 30, 2005
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 102,628	\$ -	\$ -	\$ 102,628
Capital assets, being depreciated:				
Building and improvements	27,052,310	-	-	27,052,310
Vehicles and equipment	8,712,507	1,171,120	(40,056)	9,843,571
Total capital assets being depreciated	35,764,817	1,171,120	(40,056)	36,895,881
Less accumulated depreciation for:				
Buildings	(10,403,941)	(838,150)	-	(11,242,091)
Equipment	(6,827,005)	(695,158)	36,812	(7,485,351)
Total accumulated depreciation	(17,230,946)	(1,533,308)	36,812	(18,727,442)
Total capital assets being depreciated, net	18,533,871	(362,188)	(3,244)	18,168,439
Capital assets, net	\$ 18,636,499	\$ (362,188)	\$ (3,244)	\$ 18,271,067
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 112,314	\$ -	\$ -	\$ 112,314
Construction in progress	9,078,957	377,050	(9,456,007)	-
Total capital assets not being depreciated	9,191,271	377,050	(9,456,007)	112,314
Capital assets, being depreciated:				
Building and improvements	1,861,067	9,456,007	(1,454,942)	9,862,132
Vehicles and equipment	1,348,105	894,985	(850,289)	1,392,801
Total capital assets being depreciated	3,209,172	10,350,992	(2,305,231)	11,254,933
Less accumulated depreciation for:				
Building and improvements	(1,623,013)	(267,340)	1,291,235	(599,118)
Vehicles and equipment	(873,955)	(129,217)	691,343	(311,829)
Total accumulated depreciation	(2,496,968)	(396,557)	1,982,578	(910,947)
Total capital assets being depreciated, net	712,204	9,954,435	(322,653)	10,343,986
Capital assets, net	\$ 9,903,475	\$ 10,331,485	\$ (9,778,660)	\$ 10,456,300

Depreciation expense in governmental activities is not allocated by function. Also, certain reclassifications of beginning balances were made between the above capital assets categories.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

	Balance October 1, 2004	Additions	Disposals	Balance September 30, 2005
Component Unit - Drainage District				
Capital assets, not being depreciated:				
Construction in progress	\$ 5,711,780	\$ 5,331,709	\$ (2,437,908)	\$ 8,605,581
Capital assets, being depreciated - infrastructure	38,940,134	2,580,618	-	41,520,752
Less accumulated depreciation for - infrastructure	(7,863,214)	(913,439)	-	(8,776,653)
Total capital assets being depreciated, net	31,076,920	1,667,179	-	32,744,099
Capital assets, net	\$ 36,788,700	\$ 6,998,888	\$ (2,437,908)	\$ 41,349,680
Component Unit - District Health				
Capital assets, being depreciated - equipment	\$ 893,480	\$ 56,674	\$ -	\$ 950,154
Less accumulated depreciation for - equipment	(708,213)	(38,739)	-	(746,952)
Capital assets, net	\$ 185,267	\$ 17,935	\$ -	\$ 203,202
Component Unit - Road Commission				
Capital assets, not being depreciated:				
Land	\$ 243,002	\$ -	\$ -	\$ 243,002
Land improvements	13,427,798	908,011	(583,016)	13,752,793
Right of ways	758,941	-	-	758,941
Total capital assets not being depreciated	14,429,741	908,011	(583,016)	14,754,736
Capital assets, being depreciated:				
Buildings and improvements	6,534,758	30,084	-	6,564,842
Equipment	6,315,780	501,478	(281,062)	6,536,196
Infrastructure	94,707,214	5,299,219	(3,691,401)	96,315,032
Depletable assets	154,813	-	-	154,813
Total capital assets being depreciated	107,712,565	5,830,781	(3,972,463)	109,570,883
Less accumulated depreciation for:				
Buildings and improvements	(1,648,328)	(127,473)	-	(1,775,801)
Equipment	(5,339,653)	(453,648)	220,761	(5,572,540)
Infrastructure	(37,584,837)	(5,814,508)	4,274,417	(39,124,928)
Depletable assets	(59,177)	(95,636)	-	(154,813)
Total accumulated depreciation	(44,631,995)	(6,491,265)	4,495,178	(46,628,082)
Total capital assets being depreciated, net	63,080,570	(660,484)	522,715	62,942,801
Capital assets, net	\$ 77,510,311	\$ 247,527	\$ (60,301)	\$ 77,697,537

EATON COUNTY, MICHIGAN

Notes to Financial Statements

G. PAYABLES

Accounts payable and accrued liabilities as of September 30, 2005 are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Accounts payable	\$ 752,074	\$ 687,000	\$ 3,239,044
Accrued liabilities	837,445	199,848	335,749
Due to other governments	235,291	-	-
Retainage payable	-	-	210,356
Payable from restricted assets	-	18,003	-
Advances from primary government	-	-	120,000
Total	<u>\$ 1,824,810</u>	<u>\$ 904,851</u>	<u>\$ 3,905,149</u>

H. LONG-TERM DEBT

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental and component unit activities. No general obligation bonds were issued during the current year for governmental activities; \$7,975,000 of bonds was issued for public works.

General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds are typically issued as 10-20 year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding</u>
Governmental activities				
1999 Jail Refunding	4.50 – 4.70%	2006	\$ 8,205,000	\$ 3,885,000
1992 County Office Building	6.15 – 6.35	2012	525,000	250,000
1992 County Office Building (taxable)	8.00	2012	575,000	305,000
1993 Health Clinic Building	4.90 – 5.50	2013	600,000	320,000
				<u>\$ 4,760,000</u>
Business-type activities				
2002 Medical Care Facility	3.00 – 4.75%	2022	\$ 8,100,000	<u>\$ 7,365,000</u>
Component unit – Public Works				
Eaton Rapids Water	6.38 – 6.50%	2011	\$ 1,475,000	\$ 665,000
Grand Ledge Water/Sewer	4.00 – 5.00	2025	7,975,000	7,975,000
Charlotte Water/Sewer	4.375%	2011	2,295,000	1,165,000
Dimondale/Windsor Sewer Refunding	3.75 – 5.00	2015	4,115,000	3,310,000
				<u>\$ 13,115,000</u>
Component unit – Road Commission				
1998 Transportation	4.00 – 4.15%	2008	\$ 5,610,000	\$ 1,110,000
2003 Transportation	2.50 – 4.00	2018	5,500,000	5,335,000
				<u>\$ 6,445,000</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 2,040,000	\$ 192,012	\$ 270,000	\$ 298,247	\$ 1,370,000	\$ 764,648
2007	2,045,000	96,295	285,000	290,148	1,390,000	764,011
2008	110,000	44,178	300,000	281,597	1,425,000	706,547
2009	120,000	37,005	320,000	272,598	1,445,000	648,450
2010	125,000	29,120	340,000	262,197	1,460,000	594,675
2011-2015	320,000	35,225	2,005,000	1,108,378	6,075,000	2,170,706
2016-2020	-	-	2,605,000	649,825	3,690,000	1,082,463
2021-2025	-	-	1,240,000	88,155	2,705,000	377,656
	<u>\$ 4,760,000</u>	<u>\$ 433,835</u>	<u>\$ 7,365,000</u>	<u>\$ 3,251,145</u>	<u>\$ 19,560,000</u>	<u>\$ 7,109,156</u>

By statute, the government's legal debt limit is restricted to 10% of the equalized value of property in the County. At September 30, 2005, the County's legal debt limit was \$359,525,143.

Installment obligations. The government has entered into a long-term installment payment agreement for the upgrade of building climate control systems. The original amount of installment obligations issued during fiscal 2004 was \$836,000 for the primary government. Installment obligations outstanding at year-end amounted to \$730,864 with interest at 4.4 percent.

Annual debt service requirements to maturity for installment obligations are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2006	\$ 72,873	\$ 31,365
2007	76,114	28,124
2008	79,500	24,738
2009	83,037	21,201
2010	86,731	17,507
2011-2014	332,614	29,749
	<u>\$ 730,869</u>	<u>\$ 152,684</u>

Drain bonds and notes. The Drain Commissioner is authorized under State statutes to issue special assessment bonds and drain notes for the construction or maintenance of drainage districts. Such bonds and notes are repaid from special assessments levied upon the benefiting property owners. At September 30, 2005, drain bonds and notes totaling \$43,694,667 were outstanding, including \$36,060,500 of new bonds and notes issued during the current year, the most significant of which was a drain bond for the Carrier Creek district amounting to \$33.6 million that redeemed a prior note for this district in the amount of \$18,920,000 and provided additional funding. Drain bonds and notes carry interest at rates ranging from 1.96 percent to 8.0 percent.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Annual debt service requirements to maturity for drain bonds and notes are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2006	\$ 1,790,602	\$ 1,482,617
2007	3,312,636	1,754,225
2008	2,665,286	1,644,238
2009	2,641,286	1,549,862
2010	2,662,285	1,448,080
2011-2015	12,028,572	5,744,248
2016-2020	9,724,000	3,286,644
2021-2025	8,870,000	1,275,575
	<u>\$43,694,667</u>	<u>\$ 18,185,489</u>

Current refunding. During the year, the County (through the BPW) issued \$1,670,000 of limited tax general obligation refunding bonds (as part of a total issuance of \$7,975,000 under a capital lease agreement with the City of Grand Ledge) to provide resources that were placed in a cash escrow account along with \$467,687 of City cash for the purpose of generating resources for all future debt service payments of \$2,095,000 in bonds. The refunded issues were or will be called and paid from the cash escrow account on the optional redemption dates of July 1, 2005 and October 1, 2005, respectively. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the component units column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$60,223. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. This current refunding was undertaken to reduce total debt service payments by \$218,160 and resulted in an economic gain of \$138,214.

Advance refunding. During the year, the Carrier Creek Drainage District issued \$19,009,560 of limited tax general obligation refunding bonds (as part of a total issuance of \$33,650,000) to provide resources that were placed in a cash escrow account for the purpose of generating resources for all future debt service payments of \$18,920,000 in drain notes maturing December 1, 2006. As a result, the refunded notes are considered to be defeased and the liability has been removed from the component units column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$89,560. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. Information regarding future debt service payment savings and related economic gain is not readily available.

In prior years, the government defeased certain bonds by placing the proceeds of new bond issues in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At September 30, 2005, the \$1,900,000 of primary government and \$3,375,000 of component unit bonds outstanding are considered defeased.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Changes in long-term debt. Long-term debt activity for the year ended September 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Primary Government</u>					
Governmental activities					
General obligation bonds	\$ 6,540,000	\$ -	\$ (1,780,000)	\$ 4,760,000	\$ 2,040,000
Installment contracts	800,638	-	(69,774)	730,864	72,873
Compensated absences	1,567,836	1,749,486	(1,626,228)	1,691,094	144,123
	<u>\$ 8,908,474</u>	<u>\$ 1,749,486</u>	<u>\$ (3,476,002)</u>	<u>\$ 7,181,958</u>	<u>\$ 2,256,996</u>
Business-type activities					
General obligation bonds	\$ 7,620,000	\$ -	\$ (255,000)	\$ 7,365,000	\$ 270,000
Delinquent tax notes	-	2,250,000	(1,304,982)	945,018	945,018
Compensated absences	98,638	12,215	-	110,853	22,500
	<u>\$ 7,718,638</u>	<u>\$ 2,262,215</u>	<u>\$ (1,559,982)</u>	<u>\$ 8,420,871</u>	<u>\$ 1,237,518</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Component Units</u>					
Board of Public Works					
General obligation bonds	\$ 7,440,000	\$ 7,975,000	\$ (2,300,000)	\$ 13,115,000	\$ 915,000
Add (deduct) deferred amounts:					
For issuance premiums	-	265,611	(4,464)	261,147	-
On refunding	-	(60,223)	1,012	(59,211)	-
	<u>\$ 7,440,000</u>	<u>\$ 8,180,388</u>	<u>\$ (2,303,452)</u>	<u>\$ 13,316,936</u>	<u>\$ 915,000</u>
Drainage Districts					
Drain bonds and notes	\$ 29,360,984	\$ 36,060,500	\$ (21,726,817)	\$ 43,694,667	\$ 1,790,602
Add (deduct) deferred amounts:					
For issuance premiums	-	905,323	(3,726)	901,597	-
On refunding	-	(89,560)	369	(89,191)	-
	<u>\$ 29,360,984</u>	<u>\$ 36,876,263</u>	<u>\$ (21,730,174)</u>	<u>\$ 44,507,073</u>	<u>\$ 1,790,602</u>
District Health					
Compensated absences	<u>\$ 381,464</u>	<u>\$ -</u>	<u>\$ (8,030)</u>	<u>\$ 373,434</u>	<u>\$ 37,343</u>
Road Commission					
Transportation bonds	\$ 6,880,000	\$ -	\$ (435,000)	\$ 6,445,000	\$ 455,000
Compensated absences	313,053	35,113	-	348,166	-
	<u>\$ 7,193,053</u>	<u>\$ 35,113</u>	<u>\$ (435,000)</u>	<u>\$ 6,793,166</u>	<u>\$ 455,000</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

I. RISK MANAGEMENT / SELF-INSURANCE PROGRAMS

The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools and commercial insurance and excess coverage policies. All funds and component units of the County participate in these programs except for the Road Commission (*see below*) and Medical Care Facility (which carries commercial insurance for workers' compensation, general and automobile liability, motor vehicle physical damage and property damage). For risks that are commercially insured, settlements have not exceeded insurance coverage in any of the past three years. Following is a summary of the self-insurance programs and risk management pool participation.

Workers' compensation. The County maintains a self-insurance program for workers' compensation coverage, which is accounted for in the Workers' Compensation internal service fund. The program is administered by a third-party administrator who provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and job classifications and are available to pay claims, claim reserves, excess coverage and administrative costs.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$275,000 subject to an annual aggregate limit of \$5 million. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

Changes in the balances of estimated liabilities during the past two years are as follows:

	<u>2005</u>	<u>2004</u>
Workers Compensation		
Estimated liability, October 1	\$ 253,738	\$ 211,536
Estimated claims incurred, including changes in estimates	(31,659)	113,887
Claim payments	<u>(183,465)</u>	<u>(71,685)</u>
Estimated liability, September 30	<u>\$ 38,614</u>	<u>\$ 253,738</u>

Liability. The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter. Under most circumstances, the County's maximum loss retention per occurrence is \$75,000 for general and automobile liability, \$15,000 for motor vehicle physical damage, and \$10,000 for property coverage.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the Liability Insurance Fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs. Accordingly, the government records an asset for its portion of the unexpended member retention fund. At September 30, 2005, the balance of the County's member retention fund was \$208,824.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Changes in the balances of claims liabilities during the past two years, including provision for incurred but not reported (IBNR) claims, which are recorded in the Liability Insurance internal service fund, are as follows:

	<u>2005</u>	<u>2004</u>
General Liability		
Estimated liability, October 1	\$ 147,277	\$ 413,073
Estimated claims incurred, including changes in estimates	88,023	(23,911)
Claim payments	<u>(113,376)</u>	<u>(241,885)</u>
Estimated liability, September 30	<u>\$ 121,924</u>	<u>\$ 147,277</u>

Unemployment. The County is self-insured for unemployment benefits, as accounted for in the Unemployment internal service fund. The reserve for unemployment benefits is determined by management based on prior experience. Benefits are expensed when paid, as follows:

	<u>2005</u>	<u>2004</u>
Unemployment Compensation		
Estimated liability, October 1	\$ -	\$ -
Estimated claims incurred, including changes in estimates	1,476	17,630
Claim payments	<u>-</u>	<u>(17,630)</u>
Estimated liability, September 30	<u>\$ 1,476</u>	<u>\$ -</u>

Life and disability insurance. The County maintains a self-insured program for life and disability coverage. The program is accounted for in the Life and Disability internal service fund and administered by a third-party administrator who provides claims review and processing services. Premiums for the self-insured program are paid into the internal service fund by all other funds based on actual or illustrated rates. These premiums are available to pay claims and administrative costs.

Changes in the balances of estimated liabilities during the past two years are as follows:

	<u>2005</u>	<u>2004</u>
Life & Disability		
Estimated liability, October 1	\$ 2,916	\$ 1,190
Estimated claims incurred, including changes in estimates	87,907	67,712
Claim payments	<u>(90,823)</u>	<u>(65,986)</u>
Estimated liability, September 30	<u>\$ -</u>	<u>\$ 2,916</u>

Dental insurance. During the year, the County established a self-insured program for dental coverage. The plan is accounted for in the Dental Insurance internal service fund. The program is administered by a third-party administrator who provides claims review and processing services. Premiums for the self-insured program are paid into the internal service fund by all other funds based on actual or illustrated rates. These premiums are available to pay claims and administrative costs.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2005</u>	<u>2004</u>
Dental		
Estimated liability, October 1	\$ 14,576	\$ -
Estimated claims incurred, including changes in estimates	174,288	128,705
Claim payments	<u>(176,581)</u>	<u>(114,129)</u>
Estimated liability, September 30	<u>\$ 12,283</u>	<u>\$ 14,576</u>

Road Commission. The Road Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Road Commission has purchased commercial insurance for medical benefit claims and participates in the Michigan County Road Commission self-insurance pool for workers' compensation and property liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan County Road Commission self-insurance pool program operates as a common risk-sharing management program for local units government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

J. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

K. PROPERTY TAXES

Heretofore, county property taxes have been levied on December 1 of each year (the lien date) and are due in full by March 1 of the year following the levy, at which time uncollected taxes become delinquent. Pursuant to Public Act 357 of 2005, which provides a funding mechanism to replace state revenue sharing payments to counties, the County's levy date is gradually shifting (or accelerating) from December 1 to July 1 of each year. As such, for the year ended September 30, 2005, the County recognized the full December 1, 2004 levy and the July 1, 2005 levy, which represents one-third of the total tax levy for calendar year 2005. In 2006, two-thirds of the County property tax will be levied July 1 with the balance on December 1. Then, in 2007, and for each year thereafter, all of the County property tax will be levied July 1.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value.

The assessed and taxable value of real and personal property for the December 1, 2004 levy, for which revenue was recognized in fiscal 2005, was \$2,868,821,143. The general operating tax rate for this levy was 5.2486 mills with an additional .9541, .9500 and .4000 mills assessed for jail debt, central dispatch and juvenile services, respectively.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The assessed and taxable value of real and personal property for the July 1, 2005 levy, for which revenue was recognized in fiscal 2005, was \$3,028,456,717. The general operating tax rate for this levy was 1.7409 mills (one-third of 12/1/05 mills).

Delinquent taxes receivable represent unpaid personal property taxes in the General and Special Revenue funds and unpaid real property taxes in the Delinquent Tax Revolving funds. By agreement with the various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1 and records a corresponding delinquent taxes receivable. These receivables are pledged to a bank for the payment of the notes payable and subsequent collection on the receivable.

L. POSTEMPLOYMENT HEALTH CARE BENEFITS

The County provides certain health care benefits for employees who retired during or after 1990. Substantially all employees are eligible for benefits if they reach the age of 55 with at least 25 years of credited service while working for the County, retire due to duty disability as determined by MERS, or meet other criteria as discussed in the personnel manual. The County pays the entire cost of health insurance premiums for the retiree and a portion for his/her spouse as prescribed in the personnel manual. The activity for this program is accounted for in the Retirees Health Insurance internal service fund. During the current fiscal year, 75 retirees received health care benefits under the program; the cost of those benefits amounted to \$487,906.

County contributions to finance this benefit program are currently on a pay-as-you-go basis with additional contributions intended to build the fund for purposes of paying future benefits. County contributions for the year ended September 30, 2005 were \$986,410. Although actuarial valuations of the program were completed as of December 31, 2003 and 1999, the County has determined that it will apply an annual employer contribution rate using the actuarial valuation as a reference, but not as a definitive requirement.

For informational purposes, the results of the actuarial valuations as of December 31, 2003 and 1999 were as follows:

	<u>2003</u>	<u>1999</u>
Actuarial accrued liability	\$ 24,935,636	\$ 8,701,585
Actuarial value of assets	<u>2,918,738</u>	<u>1,772,212</u>
Unfunded actuarial liability	<u>\$ 22,016,898</u>	<u>\$ 6,929,373</u>

The significant actuarial assumptions include the interest discount rate of 8% and demographic assumptions the same as the December 31, 2003 valuation of the County General Retirement Plan.

Road Commission. The Road Commission also provides postemployment health care benefits to eligible employees who retire from the Road Commission on or after attaining retirement age of 59½ with at least ten years of continuous service. Expenditures for such benefits are recognized on a pay-as-you-go basis. For the year ended September 30, 2005 these costs amounted to \$244,199 with 32 eligible participants.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

M. DEFINED BENEFIT PENSION PLANS

The County (general), Medical Care Facility and District Health Department participate in the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. The Plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to eligible members and beneficiaries. The MERS Retirement Board establishes and amends plan benefit provisions as authorized under State statutes. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS, 447 N. Canal Road, Lansing, Michigan 48917, or by calling (800) 767-6377.

All full-time County, Medical Care Facility and District Health Department employees are covered by the Plans; Road Commission employees are not covered by either of these plans.

The employer is required to contribute at an actuarially determined rate; the current rate is 10.01% of annual covered payroll for the County, 4.83% for the Medical Care Facility, and 12.41% for the District Health Department. County general employees are required to contribute 1.0% to 22.8% of their annual covered payroll, depending on employee classification or applicable bargaining unit. Medical Care Facility and District Health Department employees are required to contribute 3.0% and 2.0% of their annual covered payroll, respectively. Employer contribution requirements are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members are established and may be amended by the County, subject to collective bargaining agreements and depending on the MERS contribution program adopted by the County.

For the year ended September 30, 2005, the annual MERS pension cost of \$1,652,107 for the County, \$132,717 for the Medical Care Facility and \$431,579 for the District Health Department was equal to the required and actual contributions. The required contributions were determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increase of 4.5% per year compounded annually, attributable to inflation; and (c) additional projected salary increases based on an age-related scale to reflect merit, longevity and promotional salary increases.

The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over 30 years.

Three year funding progress and trend information

	Year Ended December 31,		
	2002	2003	2004
County General			
Actuarial value of assets	\$ 42,530,150	\$ 46,439,407	\$ 50,075,689
Actuarial accrued liability (AAL)	65,995,481	72,514,951	79,982,122
Unfunded AAL	23,465,331	26,075,544	29,906,433
Funded ratio	64%	64%	63%
Covered payroll	14,268,115	15,069,757	16,157,061
UAAL as a percentage of covered payroll	164%	173%	185%
Annual pension cost	1,701,240	1,885,320	2,161,884
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

EATON COUNTY, MICHIGAN

Notes to Financial Statements

	Year Ended December 31,		
	2002	2003	2004
Medical Care Facility			
Actuarial value of assets	\$ 3,561,859	\$ 3,772,085	\$ 4,055,870
Actuarial accrued liability (AAL)	4,051,324	4,327,253	4,473,905
Unfunded AAL	489,465	555,168	418,035
Funded ratio	88%	87%	91%
Covered payroll	2,401,935	2,584,833	2,725,971
UAAL as a percentage of covered payroll	20%	21%	15%
Annual pension cost	124,932	144,756	135,228
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-
District Health Department			
Actuarial value of assets	\$ 6,642,799	\$ 7,395,795	\$ 8,083,097
Actuarial accrued liability (AAL)	8,510,020	9,557,936	10,076,560
Unfunded AAL	1,867,221	2,162,141	1,993,463
Funded ratio	78%	77%	80%
Covered payroll	3,135,815	3,316,165	3,350,574
UAAL as a percentage of covered payroll	60%	65%	59%
Annual pension cost	376,956	409,752	397,104
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

N. DEFINED CONTRIBUTION PENSION PLAN – ROAD COMMISSION

The Road Commission provides pension benefits for substantially all of its regular full-time employees through a defined contribution pension plan. The Road Commission is the plan administrator; however, the daily plan administration and operation is provided through the American Funds Group. The Road Commission contributes an amount equal to 12% of each employee's compensation during the plan year, after completion of one year of service. Members do not contribute any annual compensation to this plan. The Road Commission's contributions to the plan for the year ended September 30, 2005 were \$209,797.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

O. RESTATEMENTS

The beginning net assets of the governmental activities was reduced by \$1,458,957 to reclassify the new medical care facility building capital assets and related bonded debt to the medical care facility enterprise fund. In turn, the beginning net assets of the medical care facility enterprise fund and the business-type activities was increased by \$1,951,529 to reflect this reclassification and correct for related transfers out recorded in prior years. In prior years, the debt proceeds and related construction and debt service activities had been inappropriately recorded in separate capital projects and debt service funds. The net effect of these restatements is to treat the project as if it had been recorded in the medical care facility fund since the inception of the project.

Also, the beginning net assets of the Drainage Districts Component Unit governmental activities was increased by \$8,444,924 to properly adjust for prior year deferred revenue on special assessments that should have been recognized on the accrual basis.

* * * * *

**COMBINING AND INDIVIDUAL FUND
STATEMENTS/SCHEDULES**

EATON COUNTY, MICHIGAN
Detailed Schedule of Revenues and
Other Financing Sources - Budget and Actual
General Fund
For the Year Ended September 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Taxes				
Property taxes	\$ 14,986,913	\$ 14,986,913	\$ 15,155,749	\$ 168,836
Industrial facilities tax	183,495	183,495	199,467	15,972
Payments in lieu	10,000	10,000	7,421	(2,579)
Delinquent taxes	20,000	20,000	51,654	31,654
Trailer park taxes	13,000	13,000	10,543	(2,457)
Interest and penalties	2,000	2,000	12,757	10,757
Total taxes	15,215,408	15,215,408	15,437,591	222,183
Permits and regulatory licenses				
Dog licenses	146,500	146,500	136,873	(9,627)
Pistol permits	8,000	8,000	16,716	8,716
Marriage licenses	15,500	15,500	15,000	(500)
Soil erosion	70,000	70,000	52,638	(17,362)
Total permits and regulatory licenses	240,000	240,000	221,227	(18,773)
Intergovernmental - federal/state				
Emergency management services	32,500	32,500	33,663	1,163
Cooperative reimbursement - Prosecutor	116,500	116,500	78,313	(38,187)
ADC Incentive	140,000	140,000	216,208	76,208
Cooperative reimbursement - Friend of the Court	927,500	927,500	853,069	(74,431)
ASAP-PIE	2,000	2,000	-	(2,000)
Secondary Prevention	-	-	4,496	4,496
Strong Families/Safe Children	23,276	23,276	19,676	(3,600)
Local Law Enforcement Block Grant	25,460	25,460	3,521	(21,939)
Probate Judge's salary	95,000	95,000	101,671	6,671
Judicial salary standardization	233,000	233,000	228,620	(4,380)
Sheriff road patrol program	132,445	132,445	140,220	7,775
Marine safety program	3,982	3,982	2,398	(1,584)
Drug case incentive	1,400	1,400	1,732	332
Victims Rights Act	98,000	98,000	104,425	6,425
Parole violation grant	61,600	61,600	25,705	(35,895)
Diverted felon program	150,000	150,000	293,756	143,756
Assistant juvenile officer grant	50,500	50,500	52,776	2,276
Convention and tourism	344,000	344,000	373,236	29,236
Cigarette tax	89,000	89,000	59,612	(29,388)
State income tax	1,344,009	-	-	-
Single business tax	180,000	-	-	-
Liquor license fees	23,000	23,000	25,209	2,209
State aid-case flow assistance	17,250	17,250	16,181	(1,069)
State court equity funding	592,250	592,250	582,661	(9,589)
Miscellaneous	142,200	142,200	29,681	(112,519)
Total intergovernmental - federal/state	4,824,872	3,300,863	3,246,829	(54,034)

Continued...

EATON COUNTY, MICHIGAN
Detailed Schedule of Revenues and
Other Financing Sources - Budget and Actual (Continued)
General Fund
For the Year Ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Intergovernmental - local				
Township - planning	\$ 38,205	\$ 53,589	\$ 53,589	\$ -
Township - Sheriff	2,185,626	2,185,626	2,175,381	(10,245)
Road Commission - weighmaster	103,994	103,994	117,550	13,556
Total intergovernmental - local	<u>2,327,825</u>	<u>2,343,209</u>	<u>2,346,520</u>	<u>3,311</u>
Charges for services				
Court:				
District Court costs	892,000	892,000	662,131	(229,869)
Circuit Court probation	50,000	50,000	36,963	(13,037)
Court filing fees	139,350	139,350	149,953	10,603
Bond costs	10,000	10,000	4,785	(5,215)
Jury demand	12,482	12,482	7,739	(4,743)
Writ of garnishment	61,260	61,260	57,045	(4,215)
Attorney fee reimbursement	2,630	2,630	71	(2,559)
SOS reinstatement fee	31,643	31,643	13,788	(17,855)
Probation oversight	77,000	77,000	82,916	5,916
Alcohol assessment	21,431	21,431	14,700	(6,731)
Friend of the Court service fees	72,500	72,500	66,785	(5,715)
Probate Court services	46,000	46,000	43,047	(2,953)
Juvenile Court services	36,000	36,000	10,990	(25,010)
Prosecuting attorney services	14,500	14,500	240	(14,260)
Juvenile Court attorney fees	57,000	57,000	40,163	(16,837)
Crime victim assessment	-	-	366	366
Tether program	48,500	48,500	60,966	12,466
General government:				
County Clerk services	63,000	63,000	88,541	25,541
County Treasurer services	3,500	3,500	5,423	1,923
Register of Deed services	775,500	775,500	623,128	(152,372)
Real estate transfer tax	390,000	390,000	441,366	51,366
Drain Commission services	17,500	17,500	24,066	6,566
Child care collection fees	92,000	92,000	68,510	(23,490)
Property description services	1,000	1,000	1,163	163
Food stamp fraud	1,575	1,575	1,598	23
Community development services	50,000	50,000	35,410	(14,590)
Sheriff Department:				
Sheriff services	175,750	175,750	153,688	(22,062)
OUIL/Impaired	34,000	34,000	20,843	(13,157)
False alarms	25,500	25,500	19,198	(6,302)
Abandoned vehicles	9,500	9,500	7,590	(1,910)
Inmate medical	19,000	19,000	7,223	(11,777)
Sentenced inmate boarding	120,000	120,000	67,175	(52,825)
Sale of lost/stolen property	1,682	1,682	205	(1,477)
Boarding of dogs and cats	10,000	10,000	11,892	1,892
Photocopies	12,500	12,500	12,099	(401)
Miscellaneous	7,505	7,505	5,200	(2,305)
Total charges for services	<u>3,381,808</u>	<u>3,381,808</u>	<u>2,846,966</u>	<u>(534,842)</u>
				Continued...

EATON COUNTY, MICHIGAN
Detailed Schedule of Revenues and
Other Financing Sources - Budget and Actual (Concluded)
General Fund
For the Year Ended September 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Fines and forfeitures				
Ordinance fines and costs	\$ 116,000	\$ 116,000	\$ 75,177	\$ (40,823)
Handicap parking	8,660	8,660	1,138	(7,522)
Bond forfeitures	57,390	57,390	40,419	(16,971)
Dog fines	200	200	1,770	1,570
Miscellaneous	400	400	2,841	2,441
Total fines and forfeitures	182,650	182,650	121,345	(61,305)
Interest and rents				
Interest on investments	130,000	130,000	219,959	89,959
Rental fees	189,000	189,000	203,785	14,785
Total interest and rents	319,000	319,000	423,744	104,744
Other				
Vending/pay phone commissions	155,015	155,015	119,447	(35,568)
Sale of capital assets	18,500	18,500	5,901	(12,599)
Sale of dogs and cats	4,500	4,500	6,578	2,078
Youth Facility meals	29,227	29,227	32,514	3,287
Reimbursements and refunds	40,032	69,032	65,712	(3,320)
Restitution	2,795	2,795	8,015	5,220
Insurance reimbursements	-	-	846	846
Miscellaneous	170	1,966	2,279	313
Total other	250,239	281,035	241,292	(39,743)
Total revenues	26,741,802	25,263,973	24,885,514	(378,459)
Other financing sources - transfers in				
Delinquent Tax Revolving	750,000	1,150,000	1,150,000	-
Revenue Sharing Reserve	-	1,898,766	1,898,766	-
Central Dispatch	182,727	182,727	182,727	-
Building Authority DSS Expansion	-	-	6,673	6,673
Jail Millage	170,000	170,000	170,000	-
Total other financing sources	1,102,727	3,401,493	3,408,166	6,673
Total revenues and other sources	\$ 27,844,529	\$ 28,665,466	\$ 28,293,680	\$ (371,786)

EATON COUNTY, MICHIGAN
Detailed Schedule of Expenditures and
Other Financing Uses - Budget and Actual
General Fund
For the Year Ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Legislative				
Board of Commissioners	\$ 258,476	\$ 288,182	\$ 287,810	\$ 372
Judicial				
Circuit Court	1,190,317	1,227,625	1,207,178	20,447
District Court	1,497,821	1,496,821	1,404,434	92,387
Friend of Court	1,238,451	1,238,451	1,187,412	51,039
County Guardian	19,054	19,054	17,827	1,227
Probate Court	472,905	466,382	450,603	15,779
Juvenile Court	822,919	891,238	890,062	1,176
Probation	15,507	14,941	9,764	5,177
Total judicial	<u>5,256,974</u>	<u>5,354,512</u>	<u>5,167,280</u>	<u>187,232</u>
General government				
Elections	61,150	61,900	53,325	8,575
Clerk	499,229	500,508	478,551	21,957
Births and Deaths	190	211	211	-
Plat Board	748	748	474	274
Controller	859,748	818,302	775,165	43,137
Information Systems	817,826	831,626	806,576	25,050
Equalization	593,407	593,011	585,572	7,439
Prosecuting Attorney	1,308,154	1,305,754	1,273,702	32,052
Register of Deeds	289,178	289,523	272,349	17,174
Treasurer	374,505	374,505	355,272	19,233
Cooperative Extension	254,375	254,165	219,407	34,758
Building Authority Administration	1,280	1,280	547	733
Building and Grounds	1,508,631	1,508,512	1,441,241	67,271
Drain Commission	361,447	366,947	364,490	2,457
Thornapple-Ground Soil Conservation	17,351	17,351	17,351	-
Eaton County Office Building	17,413	26,355	26,354	1
Total general government	<u>6,964,632</u>	<u>6,950,698</u>	<u>6,670,587</u>	<u>280,111</u>
Public safety				
Sheriff - General	4,173,578	4,277,580	4,269,588	7,992
Sheriff - Corrections	3,352,440	3,456,142	3,455,058	1,084
Sheriff - Delta office	2,842,345	2,886,815	2,835,879	50,936
Sheriff - Weighmaster	104,113	104,113	101,578	2,535
Sheriff - Road Patrol	129,105	140,225	140,220	5
Handicapped Parking	8,660	8,644	2,055	6,589
Marine Safety	6,236	6,533	6,530	3
Community Development	218,044	218,044	207,705	10,339
Tri-County Regional Planning	63,675	89,315	89,315	-
Animal Control	346,165	354,559	320,313	34,246
Emergency Services	100,682	102,139	101,981	158
Total public safety	<u>11,345,043</u>	<u>11,644,109</u>	<u>11,530,222</u>	<u>113,887</u>
Public works				
Drains at Large	<u>355,000</u>	<u>354,335</u>	<u>226,239</u>	<u>128,096</u>

Continued...

EATON COUNTY, MICHIGAN
Detailed Schedule of Expenditures and
Other Financing Uses - Budget and Actual
General Fund
For the Year Ended September 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Health and social services				
Mid-South Substance Abuse	\$ 172,000	\$ 172,000	\$ 186,618	\$ (14,618)
Medical Examiner	66,760	66,760	54,517	12,243
Community Mental Health	362,421	362,421	362,421	-
Barry-Eaton Health Plan Corporation	400,000	650,000	650,000	-
Tri-County Office on Aging	57,939	57,939	57,069	870
Veterans	63,121	72,390	71,541	849
Economic Development	5,000	5,750	5,750	-
District Health - appropriation	315,206	65,206	43,758	21,448
District Health - cigarette tax	63,000	63,000	42,079	20,921
Total health and social services	<u>1,505,447</u>	<u>1,515,466</u>	<u>1,473,753</u>	<u>41,713</u>
Recreation and culture				
Courthouse Square Association	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>-</u>
Other				
Miscellaneous	<u>484,800</u>	<u>108,944</u>	<u>9,760</u>	<u>99,184</u>
Capital outlay	<u>379,096</u>	<u>378,987</u>	<u>122,416</u>	<u>256,571</u>
Total expenditures	<u>26,560,468</u>	<u>26,606,233</u>	<u>25,499,067</u>	<u>1,107,166</u>
Other financing uses - transfers out				
Appropriations:				
Child Care	1,588,395	1,300,000	1,300,000	-
Family Independence Agency	15,000	15,000	15,000	-
Soldiers and Sailors Relief	25,000	25,000	25,000	-
Parks and Recreation	353,812	353,812	353,812	-
Historical Commission	12,000	12,000	12,000	-
Public Improvement	155,000	155,000	155,000	-
Computer	328,431	328,181	328,181	-
Other:				
Child Care (cigarette tax)	26,000	26,000	17,533	8,467
Friend of the Court	41,445	41,445	8,719	32,726
Medical Care Facility	132,051	132,051	132,051	-
Vertical Drug Prosecution and Forfeiture	30,754	30,754	29,954	800
Building Authority - Eaton County Office Building	105,088	105,088	105,087	1
STOP Domestic Violence	27,743	27,743	20,273	7,470
Child Care - FIA	2,500	2,500	2,500	-
Parcel Layer / Comprehensive Plan	7,500	7,500	7,500	-
Bureau of Justice Grant	2,500	2,500	1,469	1,031
Landfill	26,000	26,665	26,665	-
Total other financing uses	<u>2,879,219</u>	<u>2,591,239</u>	<u>2,540,744</u>	<u>50,495</u>
Total expenditures and other uses	<u>\$ 29,439,687</u>	<u>\$ 29,197,472</u>	<u>\$ 28,039,811</u>	<u>\$ 1,157,661</u>

EATON COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2005

Special Revenue Funds

	<u>Parks and Recreation</u>	<u>Parks Special Projects</u>	<u>Friend of the Court</u>	<u>Landfill</u>	<u>Solid Waste Ordinance</u>
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 25,088	\$ 64,140	\$ 1,658	\$ 20	\$ 123,378
Receivables:					
Property taxes	-	-	-	-	-
Accounts, net	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 25,088</u>	<u>\$ 64,140</u>	<u>\$ 1,658</u>	<u>\$ 20</u>	<u>\$ 123,378</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 8,875	\$ -	\$ -	\$ -	\$ 25,373
Accrued liabilities	12,166	-	1,464	-	1,582
Due to other governmental units -					
Federal/state	-	-	-	-	-
Due to other funds	1,434	-	194	-	209
Interfund payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	22,475	-	1,658	-	27,164
Fund balances					
Unreserved:					
Designated for subsequent year expenditures	589	25,000	-	-	12,091
Undesignated	2,024	39,140	-	20	84,123
Total fund balances	2,613	64,140	-	20	96,214
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 25,088</u>	<u>\$ 64,140</u>	<u>\$ 1,658</u>	<u>\$ 20</u>	<u>\$ 123,378</u>

Special Revenue Funds

Homeowner Purchase Rehabilitation	CDBG Housing Grant	Economic Development Revolving	Construction Code Enforcement	Public Improvement	Planning Aerial Photos	Remonum- entation Grant	Parcel Layer Comprehensive Plan
\$ -	\$ -	\$ 174,468	\$ 196,243	\$ 377,112	\$ 332	\$ 41,992	\$ 12,521
-	-	-	-	-	-	-	-
-	-	71,706	-	-	-	-	-
-	79,812	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 79,812</u>	<u>\$ 246,174</u>	<u>\$ 196,243</u>	<u>\$ 377,112</u>	<u>\$ 332</u>	<u>\$ 41,992</u>	<u>\$ 12,521</u>
\$ -	\$ 158	\$ -	\$ 5,152	\$ 20,364	\$ -	\$ 2,080	\$ 1,500
-	1,949	710	20,721	-	-	-	-
-	-	-	-	-	-	-	-
-	258	94	2,862	-	-	-	-
-	76,628	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	78,993	804	28,735	20,364	-	2,080	1,500
-	-	19,983	248	329,000	-	-	-
-	819	225,387	167,260	27,748	332	39,912	11,021
-	819	245,370	167,508	356,748	332	39,912	11,021
<u>\$ -</u>	<u>\$ 79,812</u>	<u>\$ 246,174</u>	<u>\$ 196,243</u>	<u>\$ 377,112</u>	<u>\$ 332</u>	<u>\$ 41,992</u>	<u>\$ 12,521</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
September 30, 2005

	Special Revenue Funds				
	Register of Deeds Technology	Prisoner Boarding	Criminal Property Forfeiture	Drug Law Forfeiture	Vertical Drug Prosecution and Forfeiture
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 220,987	\$ 2,712	\$ 1,868	\$ 10,000	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Accounts, net	-	-	-	-	-
Federal/state	-	9,897	-	-	3,697
<u>TOTAL ASSETS</u>	<u>\$ 220,987</u>	<u>\$ 12,609</u>	<u>\$ 1,868</u>	<u>\$ 10,000</u>	<u>\$ 3,697</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 528	\$ -
Accrued liabilities	-	2,290	-	-	2,051
Due to other governmental units -					
Federal/state	-	-	-	-	-
Due to other funds	-	422	-	-	271
Interfund payable	-	-	-	-	1,375
Deferred revenue	-	-	-	-	-
Total liabilities	-	2,712	-	528	3,697
Fund balances					
Unreserved:					
Designated for subsequent year expenditures	82,486	-	-	-	-
Undesignated	138,501	9,897	1,868	9,472	-
Total fund balances	220,987	9,897	1,868	9,472	-
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 220,987</u>	<u>\$ 12,609</u>	<u>\$ 1,868</u>	<u>\$ 10,000</u>	<u>\$ 3,697</u>

Special Revenue Funds

Law Library	S.T.O.P. Grant	Drug Court III - Circuit Court	Community Corrections	Domestic Preparedness	Soil Erosion Enforcement	Child Care - FIA	Community Prosecution
\$ -	\$ 2,617	\$ 6,445	\$ -	\$ -	\$ 1,755	\$ 11,345	\$ 277,556
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	39,677	41,413	134,386	-	-	1,406
<u>\$ -</u>	<u>\$ 2,617</u>	<u>\$ 46,122</u>	<u>\$ 41,413</u>	<u>\$ 134,386</u>	<u>\$ 1,755</u>	<u>\$ 11,345</u>	<u>\$ 278,962</u>
\$ -	\$ -	\$ 758	\$ 14,464	\$ -	\$ -	\$ -	\$ 1,488
-	2,309	1,465	3,941	633	-	-	6,278
-	-	-	-	-	-	-	-
-	308	194	663	46	-	-	709
-	-	-	20,316	131,186	-	-	-
-	-	-	-	-	-	-	11,388
-	2,617	2,417	39,384	131,865	-	-	19,863
-	-	-	-	-	-	-	-
-	-	43,705	2,029	2,521	1,755	11,345	259,099
-	-	43,705	2,029	2,521	1,755	11,345	259,099
<u>\$ -</u>	<u>\$ 2,617</u>	<u>\$ 46,122</u>	<u>\$ 41,413</u>	<u>\$ 134,386</u>	<u>\$ 1,755</u>	<u>\$ 11,345</u>	<u>\$ 278,962</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
September 30, 2005

	Special Revenue Funds				
	Property Forfeiture Prosecutor	Bureau of Justice LLEBG	Drug Forfeiture Prosecutor	Michigan Justice Training	Dispatcher Training
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 635	\$ -	\$ 16,360	\$ 18,893	\$ 18,112
Receivables:					
Property taxes	-	-	-	-	-
Accounts, net	-	-	-	-	-
Federal/state	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 635</u>	<u>\$ -</u>	<u>\$ 16,360</u>	<u>\$ 18,893</u>	<u>\$ 18,112</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 57	\$ 3,010	\$ 869
Accrued liabilities	-	-	-	-	-
Due to other governmental units -					
Federal/state	-	-	-	-	-
Due to other funds	-	-	-	-	-
Interfund payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	-	-	57	3,010	869
Fund balances					
Unreserved:					
Designated for subsequent year expenditures	-	-	-	-	-
Undesignated	635	-	16,303	15,883	17,243
Total fund balances	635	-	16,303	15,883	17,243
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 635</u>	<u>\$ -</u>	<u>\$ 16,360</u>	<u>\$ 18,893</u>	<u>\$ 18,112</u>

Special Revenue Funds

OHSP Traffic Enforcement	Family Independence Agency	Soldiers and Sailors	Veterans Trust	Historical Commission	Computer	Home Tax Exemption Audit	Brownfield Redevelop
\$ -	\$ 77,022	\$ 19,518	\$ -	\$ 1,769	\$ 157,751	\$ 5,173	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,768	104,435	-	-	-	-	-	3,170
<u>\$ 9,768</u>	<u>\$ 181,457</u>	<u>\$ 19,518</u>	<u>\$ -</u>	<u>\$ 1,769</u>	<u>\$ 157,751</u>	<u>\$ 5,173</u>	<u>\$ 3,170</u>
\$ 6,729	\$ 1,435	\$ 995	\$ 32	\$ -	\$ 6,617	\$ -	\$ -
-	-	-	-	-	-	-	-
-	103,000	-	-	-	-	4,695	-
-	-	-	-	-	-	-	-
3,039	-	-	286	-	-	-	3,170
-	-	-	-	-	-	-	-
9,768	104,435	995	318	-	6,617	4,695	3,170
-	-	-	-	-	-	-	-
-	77,022	18,523	(318)	1,769	151,134	478	-
-	77,022	18,523	(318)	1,769	151,134	478	-
<u>\$ 9,768</u>	<u>\$ 181,457</u>	<u>\$ 19,518</u>	<u>\$ -</u>	<u>\$ 1,769</u>	<u>\$ 157,751</u>	<u>\$ 5,173</u>	<u>\$ 3,170</u>
							Continued...

EATON COUNTY, MICHIGAN
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
September 30, 2005

	Special Revenue Funds			
	Remonu- mentation Supplemental	Local Corrections Officer Training	LEAD Drug Testing	Kellogg Foundation Grant
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 44,676	\$ 500	\$ 378,000
Receivables:				
Property taxes	-	-	-	-
Accounts, net	-	-	-	-
Federal/state	24,353	-	-	-
	<u>24,353</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL ASSETS</u>	<u>\$ 24,353</u>	<u>\$ 44,676</u>	<u>\$ 500</u>	<u>\$ 378,000</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ -	\$ 398	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governmental units -				
Federal/state	-	-	-	-
Due to other funds	-	-	-	-
Interfund payable	24,353	-	-	-
Deferred revenue	-	-	-	-
	<u>24,353</u>	<u>398</u>	<u>-</u>	<u>-</u>
Total liabilities	24,353	398	-	-
Fund balances				
Unreserved:				
Designated for subsequent year expenditures	-	-	-	-
Undesignated	-	44,278	500	378,000
	<u>-</u>	<u>44,278</u>	<u>500</u>	<u>378,000</u>
Total fund balances	-	44,278	500	378,000
	<u>-</u>	<u>44,278</u>	<u>500</u>	<u>378,000</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 24,353</u>	<u>\$ 44,676</u>	<u>\$ 500</u>	<u>\$ 378,000</u>

Debt Service Funds						
Juvenile Millage	Building Authority Office Building	Building Authority Health Clinic	Building Authority Jail	Building Authority E-911	Building Authority DSS Expansion	Installment Purchase
\$ 845,563	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,448	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 848,011</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,448	-	-	-	-	-	-
2,448	-	-	-	-	-	-
819,139	-	-	-	-	-	-
26,424	-	-	-	-	-	-
845,563	-	-	-	-	-	-
<u>\$ 848,011</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
						Continued...

EATON COUNTY, MICHIGAN
Combining Balance Sheet (Concluded)
Nonmajor Governmental Funds
September 30, 2005

Permanent Trust Funds

	Juvenile Court Trust	Youth Facility Trust	Lincoln Brick Trust	Sheriff Department Donations Trust	Prosecuting Attorney Donations Trust
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 8,464	\$ 3,645	\$ 80,041	\$ 4,416	\$ 44
Receivables:					
Property taxes	-	-	-	-	-
Accounts, net	-	-	-	-	-
Federal/state	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 8,464</u>	<u>\$ 3,645</u>	<u>\$ 80,041</u>	<u>\$ 4,416</u>	<u>\$ 44</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ -	\$ 25	\$ -	\$ 153	\$ -
Accrued liabilities	-	-	-	-	-
Due to other governmental units -					
Federal/state	-	-	-	-	-
Due to other funds	-	-	-	-	-
Interfund payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	-	25	-	153	-
Fund balances					
Unreserved:					
Designated for subsequent year expenditures	-	-	-	-	-
Undesignated	8,464	3,620	80,041	4,263	44
Total fund balances	8,464	3,620	80,041	4,263	44
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 8,464</u>	<u>\$ 3,645</u>	<u>\$ 80,041</u>	<u>\$ 4,416</u>	<u>\$ 44</u>

t	<hr/>	
	E.A.T.O.N. Trust	Total
	\$ 595	\$ 3,233,414
	-	2,448
	-	71,706
	-	452,014
	<hr/>	<hr/>
	\$ 595	\$ 3,759,582
	<hr/>	<hr/>
	\$ -	\$ 101,060
	-	57,559
	-	107,695
	-	7,664
	-	260,353
	-	13,836
	<hr/>	<hr/>
	-	548,167
	<hr/>	<hr/>
	-	1,288,536
	595	1,922,879
	<hr/>	<hr/>
	595	3,211,415
	<hr/>	<hr/>
	\$ 595	\$ 3,759,582
	<hr/>	<hr/>

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2005

	Special Revenue Funds				
	Parks and Recreation	Parks Special Projects	Friend of the Court	Landfill	Solid Waste Ordinance
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal/state	3,000	-	-	-	-
Local	-	-	-	-	-
Charges for services	46,917	-	48,720	-	241,237
Fines and forfeitures	-	-	-	-	-
Interest and rent	-	-	-	-	-
Miscellaneous	4,015	-	-	-	-
Total revenues	53,932	-	48,720	-	241,237
Expenditures					
Current:					
Judicial	-	-	57,804	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Health and social services	-	-	-	26,645	200,825
Parks, recreation and culture	421,301	15,259	-	-	-
Miscellaneous	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	421,301	15,259	57,804	26,645	200,825
Revenue over (under) expenditures	(367,369)	(15,259)	(9,084)	(26,645)	40,412
Other financing sources (uses)					
Transfers in	368,812	-	8,719	26,665	-
Transfers (out)	-	(5,839)	-	-	-
Total other financing sources (uses)	368,812	(5,839)	8,719	26,665	-
Net change in fund balances	1,443	(21,098)	(365)	20	40,412
Fund balances (deficit), October 1	1,170	85,238	365	-	55,802
Fund balances (deficit), September 30	\$ 2,613	\$ 64,140	\$ -	\$ 20	\$ 96,214

Special Revenue Funds

Homeowner Purchase Rehabilitation	CDBG Housing Grant	Economic Development Revolving	Construction Code Enforcement	Public Improvement	Planning Aerial Photo's	Remonum- entation Grant	Parcel Layer Comprehensive Plan
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	753,135	-	-	-	-
-	270,259	-	-	-	-	123,075	-
-	-	-	627	-	-	-	-
-	24,672	-	14,989	-	328	27,571	-
-	-	-	1,109	-	-	-	-
-	-	8,999	-	-	-	-	-
-	-	-	-	-	-	-	-
-	294,931	8,999	769,860	-	328	150,646	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	127,191	-
-	-	-	784,446	-	-	-	5,989
-	364,221	19,690	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	577	65,200	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	364,221	19,690	785,023	65,200	-	127,191	5,989
-	(69,290)	(10,691)	(15,163)	(65,200)	328	23,455	(5,989)
-	-	-	-	155,000	-	-	7,500
-	-	-	-	(321,952)	(14,900)	-	-
-	-	-	-	(166,952)	(14,900)	-	7,500
-	(69,290)	(10,691)	(15,163)	(232,152)	(14,572)	23,455	1,511
-	70,109	256,061	182,671	588,900	14,904	16,457	9,510
\$ -	\$ 819	\$ 245,370	\$ 167,508	\$ 356,748	\$ 332	\$ 39,912	\$ 11,021

Continued...

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended September 30, 2005

	Special Revenue Funds				
	Register of Deeds Technology	Prisoner Boarding	Criminal Property Forfeiture	Drug Law Forfeiture	Vertical Drug Prosecution and Forfeiture
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal/state	-	9,897	-	-	30,869
Local	-	-	-	-	-
Charges for services	142,405	26,792	-	-	-
Fines and forfeitures	-	-	-	19,683	-
Interest and rent	4,126	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	146,531	36,689	-	19,683	30,869
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	22,775	-	-	-	-
Public safety	-	85,465	-	7,527	61,737
Health and social services	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Capital outlay	6,060	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	28,835	85,465	-	7,527	61,737
Revenue over (under) expenditures	117,696	(48,776)	-	12,156	(30,868)
Other financing sources (uses)					
Transfers in	-	58,517	-	-	29,954
Transfers (out)	(11,040)	-	-	(21,643)	-
Total other financing sources (uses)	(11,040)	58,517	-	(21,643)	29,954
Net change in fund balances	106,656	9,741	-	(9,487)	(914)
Fund balance (deficit), October 1	114,331	156	1,868	18,959	914
Fund balance (deficit), September 30	\$ 220,987	\$ 9,897	\$ 1,868	\$ 9,472	\$ -

Special Revenue Funds

Law Library	S.T.O.P. Grant	Drug Court III Circuit Court	Community Corrections	Domestic Preparedness	Soil Erosion Enforcement	Child Care - FIA	Community Prosecution
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	61,504	73,739	332,800	547,091	-	-	89,997
-	-	-	-	-	-	-	-
-	-	13,150	40,177	-	400	-	262,949
6,500	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,500	61,504	86,889	372,977	547,091	400	-	352,946
6,500	-	76,356	-	-	-	-	-
-	-	-	-	-	100	-	-
-	82,213	-	371,897	86,351	-	-	229,456
-	-	-	-	-	-	1,150	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	465,071	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,500	82,213	76,356	371,897	551,422	100	1,150	229,456
-	(20,709)	10,533	1,080	(4,331)	300	(1,150)	123,490
-	20,273	-	-	-	-	2,500	-
-	-	-	-	-	-	-	-
-	20,273	-	-	-	-	2,500	-
-	(436)	10,533	1,080	(4,331)	300	1,350	123,490
-	436	33,172	949	6,852	1,455	9,995	135,609
\$ -	\$ -	\$ 43,705	\$ 2,029	\$ 2,521	\$ 1,755	\$ 11,345	\$ 259,099

Continued...

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended September 30, 2005

	Special Revenue Funds				
	Property Forfeiture Prosecutor	Bureau of Justice LLEBG	Drug Forfeiture Prosecutor	Michigan Justice Training	Dispatcher Training
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal/state	-	10,454	-	15,358	12,070
Local	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	10,275	-	-
Interest and rent	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	10,454	10,275	15,358	12,070
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	1,722	14,190	13,171
Health and social services	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Capital outlay	-	11,923	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	11,923	1,722	14,190	13,171
Revenue over (under) expenditures	-	(1,469)	8,553	1,168	(1,101)
Other financing sources (uses)					
Transfers in	-	1,469	-	-	-
Transfers (out)	-	-	(3,504)	-	-
Total other financing sources (uses)	-	1,469	(3,504)	-	-
Net change in fund balances	-	-	5,049	1,168	(1,101)
Fund balance (deficit), October 1	635	-	11,254	14,715	18,344
Fund balance (deficit), September 30	\$ 635	\$ -	\$ 16,303	\$ 15,883	\$ 17,243

Special Revenue Funds

OHSP Traffic Enforcement	Family Independence Agency	Soldiers and Sailors	Veterans Trust	Historical Commission	Computer	Home Tax Exemption Audit	Brownfield Redevelop
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -
-	-	-	-	-	-	-	-
30,519	584,479	-	8,288	-	6,884	-	3,170
-	-	-	-	-	-	-	-
-	-	-	-	-	52,272	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	441	-
-	-	-	-	30	-	-	-
<u>30,519</u>	<u>584,479</u>	<u>-</u>	<u>8,288</u>	<u>30</u>	<u>59,156</u>	<u>442</u>	<u>3,170</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
30,519	-	-	-	-	-	-	-
-	516,047	21,734	8,008	-	-	-	3,170
-	-	-	-	10,308	-	-	-
-	-	-	-	-	5,584	-	-
-	-	-	-	-	738,186	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>30,519</u>	<u>516,047</u>	<u>21,734</u>	<u>8,008</u>	<u>10,308</u>	<u>743,770</u>	<u>-</u>	<u>3,170</u>
-	68,432	(21,734)	280	(10,278)	(684,614)	442	-
-	15,000	25,000	-	12,000	587,147	-	-
-	-	-	-	-	(206,429)	-	-
-	15,000	25,000	-	12,000	380,718	-	-
-	83,432	3,266	280	1,722	(303,896)	442	-
-	(6,410)	15,257	(598)	47	455,030	36	-
<u>\$ -</u>	<u>\$ 77,022</u>	<u>\$ 18,523</u>	<u>\$ (318)</u>	<u>\$ 1,769</u>	<u>\$ 151,134</u>	<u>\$ 478</u>	<u>\$ -</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended September 30, 2005

	Special Revenue Funds				
	Remonu- mentation Supplemental	Local Corrections Officer Training	LEAD Drug Testing	Kellogg Foundation Grant	Juvenile Millage
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,146,600
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal/state	40,589	-	-	-	-
Local	-	-	-	-	-
Charges for services	-	48,660	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest and rent	-	-	-	-	-
Miscellaneous	-	-	-	378,000	-
Total revenues	40,589	48,660	-	378,000	1,146,600
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	40,589	-	-	-	-
Public safety	-	4,382	-	-	12,642
Health and social services	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	40,589	4,382	-	-	12,642
Revenue over (under) expenditures	-	44,278	-	378,000	1,133,958
Other financing sources (uses)					
Transfers in	-	-	500	-	-
Transfers (out)	-	-	-	-	(288,395)
Total other financing sources (uses)	-	-	500	-	(288,395)
Net change in fund balances	-	44,278	500	378,000	845,563
Fund balance (deficit), October 1	-	-	-	-	-
Fund balance (deficit), September 30	\$ -	\$ 44,278	\$ 500	\$ 378,000	\$ 845,563

Debt Service Funds					
Building Authority Office Building	Building Authority Health Clinic	Building Authority Jail	Building Authority E-911	Building Authority DSS Expansion	Installment Purchase
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	48,620	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	48,620	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
60,000	30,000	1,655,000	35,000	-	69,774
45,088	18,620	215,425	1,051	-	34,464
105,088	48,620	1,870,425	36,051	-	104,238
(105,088)	-	(1,870,425)	(36,051)	-	(104,238)
105,087	-	1,870,425	36,050	-	104,238
-	-	-	-	(6,673)	-
105,087	-	1,870,425	36,050	(6,673)	104,238
(1)	-	-	(1)	(6,673)	-
1	-	-	1	6,673	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Continued...					

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Concluded)
Nonmajor Governmental Funds
For the Year Ended September 30, 2005

	Permanent Trust Funds				
	Juvenile Court Trust	Youth Facility Trust	Lincoln Brick Trust	Sheriff Department Donations Trust	Prosecuting Attorney Donations Trust
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal/state	-	-	-	-	-
Local	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest and rent	187	-	1,845	-	-
Miscellaneous	3,107	3,981	11,043	2,164	-
Total revenues	3,294	3,981	12,888	2,164	-
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Health and social services	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-
Miscellaneous	1,749	3,854	1,062	1,841	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	1,749	3,854	1,062	1,841	-
Revenue over (under) expenditures	1,545	127	11,826	323	-
Other financing sources (uses)					
Transfers in	-	1,029	-	-	-
Transfers (out)	(1,029)	-	(9,161)	-	-
Total other financing sources (uses)	(1,029)	1,029	(9,161)	-	-
Net change in fund balances	516	1,156	2,665	323	-
Fund balance (deficit), October 1	7,948	2,464	77,376	3,940	44
Fund balance (deficit), September 30	\$ 8,464	\$ 3,620	\$ 80,041	\$ 4,263	\$ 44

<hr/>		
E.A.T.O.N.		
Trust	Total	
<hr/>		
\$ -	\$ 1,146,601	
-	753,135	
-	2,254,042	
-	49,247	
-	991,239	
-	37,567	
-	15,598	
-	402,340	
<hr/>		
-	5,649,769	
<hr/>		
-	140,660	
-	190,655	
-	1,791,707	
-	1,161,490	
-	446,868	
-	14,090	
-	1,287,017	
-	1,849,774	
-	314,648	
<hr/>		
-	7,196,909	
<hr/>		
-	(1,547,140)	
<hr/>		
-	3,435,885	
-	(890,565)	
<hr/>		
-	2,545,320	
<hr/>		
-	998,180	
595	2,213,235	
<hr/>		
<u>\$ 595</u>	<u>\$ 3,211,415</u>	

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2005

	Parks and Recreation			Parks Special Projects		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	3,000	3,000	-	-	-
Local	-	-	-	-	-	-
Charges for services	45,850	46,917	1,067	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	2,150	4,015	1,865	-	-	-
Total revenues	48,000	53,932	5,932	-	-	-
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	437,732	421,301	16,431	15,260	15,259	1
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	437,732	421,301	16,431	15,260	15,259	1
Revenue over (under) expenditures	(389,732)	(367,369)	22,363	(15,260)	(15,259)	1
Other financing sources (uses)						
Transfers in	388,642	368,812	(19,830)	-	-	-
Transfers (out)	-	-	-	(9,740)	(5,839)	3,901
Total other financing sources (uses)	388,642	368,812	(19,830)	(9,740)	(5,839)	3,901
Net change in fund balances	(1,090)	1,443	2,533	(25,000)	(21,098)	3,902
Fund balances, October 1	1,170	1,170	-	85,238	85,238	-
Fund balances (deficit), September 30	<u>\$ 80</u>	<u>\$ 2,613</u>	<u>\$ 2,533</u>	<u>\$ 60,238</u>	<u>\$ 64,140</u>	<u>\$ 3,902</u>

Friend of the Court			Landfill			Solid Waste Ordinance		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
16,500	48,720	32,220	-	-	-	224,300	241,237	16,937
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	300	-	(300)
16,500	48,720	32,220	-	-	-	224,600	241,237	16,637
57,945	57,804	141	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	26,665	26,645	20	236,691	200,825	35,866
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
57,945	57,804	141	26,665	26,645	20	236,691	200,825	35,866
(41,445)	(9,084)	32,361	(26,665)	(26,645)	20	(12,091)	40,412	52,503
41,445	8,719	(32,726)	26,665	26,665	-	-	-	-
-	-	-	-	-	-	-	-	-
41,445	8,719	(32,726)	26,665	26,665	-	-	-	-
-	(365)	(365)	-	20	20	(12,091)	40,412	52,503
365	365	-	-	-	-	55,802	55,802	-
\$ 365	\$ -	\$ (365)	\$ -	\$ 20	\$ 20	\$ 43,711	\$ 96,214	\$ 52,503

Continued...

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2005

	Homeowner Purchase Rehabilitation			CDBG Housing Grant		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	166,600	-	(166,600)	350,000	270,259	(79,741)
Local	-	-	-	-	-	-
Charges for services	-	-	-	5,400	24,672	19,272
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	166,600	-	(166,600)	355,400	294,931	(60,469)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	136,600	-	136,600	385,400	364,221	21,179
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	136,600	-	136,600	385,400	364,221	21,179
Revenue over (under) expenditures	30,000	-	(30,000)	(30,000)	(69,290)	(39,290)
Other financing sources (uses)						
Transfers in	-	-	-	30,000	-	(30,000)
Transfers (out)	(30,000)	-	30,000	-	-	-
Total other financing sources (uses)	(30,000)	-	30,000	30,000	-	(30,000)
Net change in fund balances	-	-	-	-	(69,290)	(69,290)
Fund balances, October 1	-	-	-	70,109	70,109	-
Fund balances (deficit), September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,109</u>	<u>\$ 819</u>	<u>\$ (69,290)</u>

Economic Development Revolving			Construction Code Enforcement			Public Improvement		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	801,576	753,135	(48,441)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	2,000	627	(1,373)	-	-	-
-	-	-	11,000	14,989	3,989	-	-	-
-	-	-	500	1,109	609	-	-	-
7,500	8,999	1,499	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
7,500	8,999	1,499	815,076	769,860	(45,216)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	817,995	784,446	33,549	-	-	-
23,996	19,690	4,306	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,480	577	903	92,286	65,200	27,086
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
23,996	19,690	4,306	819,475	785,023	34,452	92,286	65,200	27,086
(16,496)	(10,691)	5,805	(4,399)	(15,163)	(10,764)	(92,286)	(65,200)	27,086
-	-	-	-	-	-	155,000	155,000	-
-	-	-	-	-	-	(321,953)	(321,952)	1
-	-	-	-	-	-	(166,953)	(166,952)	1
(16,496)	(10,691)	5,805	(4,399)	(15,163)	(10,764)	(259,239)	(232,152)	27,087
256,061	256,061	-	182,671	182,671	-	588,900	588,900	-
\$ 239,565	\$ 245,370	\$ 5,805	\$ 178,272	\$ 167,508	\$ (10,764)	\$ 329,661	\$ 356,748	\$ 27,087
Continued...								

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2005

	Planning Aerial Photo's			Remonumentation Grant		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	-	-	115,000	123,075	8,075
Local	-	-	-	-	-	-
Charges for services	1,000	328	(672)	35,000	27,571	(7,429)
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	1,000	328	(672)	150,000	150,646	646
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	150,000	127,191	22,809
Public safety	1,000	-	1,000	-	-	-
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	1,000	-	1,000	150,000	127,191	22,809
Revenue over (under) expenditures	-	328	328	-	23,455	23,455
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers (out)	(14,900)	(14,900)	-	-	-	-
Total other financing sources (uses)	(14,900)	(14,900)	-	-	-	-
Net change in fund balances	(14,900)	(14,572)	328	-	23,455	23,455
Fund balances, October 1	14,904	14,904	-	16,457	16,457	-
Fund balances (deficit), September 30	<u>\$ 4</u>	<u>\$ 332</u>	<u>\$ 328</u>	<u>\$ 16,457</u>	<u>\$ 39,912</u>	<u>\$ 23,455</u>

Parcel Layer Comprehensive Plan			Register of Deeds Technology			Prisoner Boarding		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	9,897	9,897
-	-	-	-	-	-	-	-	-
-	-	-	170,000	142,405	(27,595)	95,478	26,792	(68,686)
-	-	-	-	-	-	-	-	-
-	-	-	500	4,126	3,626	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	170,500	146,531	(23,969)	95,478	36,689	(58,789)
-	-	-	-	-	-	-	-	-
-	-	-	186,660	22,775	163,885	-	-	-
9,000	5,989	3,011	-	-	-	153,996	85,465	68,531
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	50,000	6,060	43,940	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
9,000	5,989	3,011	236,660	28,835	207,825	153,996	85,465	68,531
(9,000)	(5,989)	3,011	(66,160)	117,696	183,856	(58,518)	(48,776)	9,742
7,500	7,500	-	-	-	-	58,518	58,517	(1)
-	-	-	(11,040)	(11,040)	-	-	-	-
7,500	7,500	-	(11,040)	(11,040)	-	58,518	58,517	(1)
(1,500)	1,511	3,011	(77,200)	106,656	183,856	-	9,741	9,741
9,510	9,510	-	114,331	114,331	-	156	156	-
\$ 8,010	\$ 11,021	\$ 3,011	\$ 37,131	\$ 220,987	\$ 183,856	\$ 156	\$ 9,897	\$ 9,741

Continued...

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2005

	Criminal Property Forfeiture			Drug Law Forfeiture		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	-	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	600	-	(600)	-	-	-
Fines and forfeitures	-	-	-	31,143	19,683	(11,460)
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	600	-	(600)	31,143	19,683	(11,460)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	600	-	600	10,000	7,527	2,473
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	600	-	600	10,000	7,527	2,473
Revenue over (under) expenditures	-	-	-	21,143	12,156	(8,987)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	(21,643)	(21,643)	-
Total other financing sources (uses)	-	-	-	(21,643)	(21,643)	-
Net change in fund balances	-	-	-	(500)	(9,487)	(8,987)
Fund balances, October 1	1,868	1,868	-	18,959	18,959	-
Fund balances (deficit), September 30	<u>\$ 1,868</u>	<u>\$ 1,868</u>	<u>\$ -</u>	<u>\$ 18,459</u>	<u>\$ 9,472</u>	<u>\$ (8,987)</u>

Vertical Drug Prosecution and Forfeiture			Law Library			S.T.O.P. Grant		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
30,754	30,869	115	-	-	-	55,000	61,504	6,504
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	6,500	6,500	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
30,754	30,869	115	6,500	6,500	-	55,000	61,504	6,504
-	-	-	6,500	6,500	-	-	-	-
-	-	-	-	-	-	-	-	-
61,507	61,737	(230)	-	-	-	82,743	82,213	530
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
61,507	61,737	(230)	6,500	6,500	-	82,743	82,213	530
(30,753)	(30,868)	(115)	-	-	-	(27,743)	(20,709)	7,034
30,753	29,954	(799)	-	-	-	27,743	20,273	(7,470)
-	-	-	-	-	-	-	-	-
30,753	29,954	(799)	-	-	-	27,743	20,273	(7,470)
-	(914)	(914)	-	-	-	-	(436)	(436)
914	914	-	-	-	-	436	436	-
\$ 914	\$ -	\$ (914)	\$ -	\$ -	\$ -	\$ 436	\$ -	\$ (436)
Continued...								

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2005

	Drug Court III Circuit Court			Community Corrections		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	89,197	73,739	(15,458)	323,297	332,800	9,503
Local	-	-	-	-	-	-
Charges for services	7,960	13,150	5,190	40,200	40,177	(23)
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	97,157	86,889	(10,268)	363,497	372,977	9,480
Expenditures						
Current:						
Judicial	97,157	76,356	20,801	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	385,078	371,897	13,181
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	97,157	76,356	20,801	385,078	371,897	13,181
Revenue over (under) expenditures	-	10,533	10,533	(21,581)	1,080	22,661
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	10,533	10,533	(21,581)	1,080	22,661
Fund balances, October 1	33,172	33,172	-	949	949	-
Fund balances (deficit), September 30	\$ 33,172	\$ 43,705	\$ 10,533	\$ (20,632)	\$ 2,029	\$ 22,661

Domestic Preparedness			Soil Erosion Enforcement			Child Care - FIA		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
552,359	547,091	(5,268)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,500	400	(1,100)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
552,359	547,091	(5,268)	1,500	400	(1,100)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,500	100	1,400	-	-	-
86,359	86,351	8	-	-	-	-	-	-
-	-	-	-	-	-	2,500	1,150	1,350
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
466,000	465,071	929	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
552,359	551,422	937	1,500	100	1,400	2,500	1,150	1,350
-	(4,331)	(4,331)	-	300	300	(2,500)	(1,150)	1,350
-	-	-	-	-	-	2,500	2,500	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,500	2,500	-
-	(4,331)	(4,331)	-	300	300	-	1,350	1,350
6,852	6,852	-	1,455	1,455	-	9,995	9,995	-
\$ 6,852	\$ 2,521	\$ (4,331)	\$ 1,455	\$ 1,755	\$ 300	\$ 9,995	\$ 11,345	\$ 1,350
Continued...								

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2005

	Community Prosecution			Property Forfeiture Prosecutor		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	90,000	89,997	(3)	-	-	-
Local	-	-	-	-	-	-
Charges for services	114,847	262,949	148,102	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	204,847	352,946	148,099	-	-	-
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	228,967	229,456	(489)	500	-	500
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	228,967	229,456	(489)	500	-	500
Revenue over (under) expenditures	(24,120)	123,490	147,610	(500)	-	500
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	(24,120)	123,490	147,610	(500)	-	500
Fund balances, October 1	135,609	135,609	-	635	635	-
Fund balances (deficit), September 30	<u>\$ 111,489</u>	<u>\$ 259,099</u>	<u>\$ 147,610</u>	<u>\$ 135</u>	<u>\$ 635</u>	<u>\$ 500</u>

Bureau of Justice LLEBG			Drug Forfeiture Prosecutor			Michigan Justice Training		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
10,454	10,454	-	-	-	-	15,000	15,358	358
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	844	10,275	9,431	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
10,454	10,454	-	844	10,275	9,431	15,000	15,358	358
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,723	1,722	1	15,000	14,190	810
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
11,923	11,923	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
11,923	11,923	-	1,723	1,722	1	15,000	14,190	810
(1,469)	(1,469)	-	(879)	8,553	9,432	-	1,168	1,168
1,469	1,469	-	-	-	-	-	-	-
-	-	-	(9,121)	(3,504)	5,617	-	-	-
1,469	1,469	-	(9,121)	(3,504)	5,617	-	-	-
-	-	-	(10,000)	5,049	15,049	-	1,168	1,168
-	-	-	11,254	11,254	-	14,715	14,715	-
\$ -	\$ -	\$ -	\$ 1,254	\$ 16,303	\$ 15,049	\$ 14,715	\$ 15,883	\$ 1,168

Continued...

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2005

	Dispatcher Training			OHSP Traffic Enforcement		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	13,173	12,070	(1,103)	40,000	30,519	(9,481)
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	13,173	12,070	(1,103)	40,000	30,519	(9,481)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	13,173	13,171	2	40,000	30,519	9,481
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	13,173	13,171	2	40,000	30,519	9,481
Revenue over (under) expenditures	-	(1,101)	(1,101)	-	-	-
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	(1,101)	(1,101)	-	-	-
Fund balances, October 1	18,344	18,344	-	-	-	-
Fund balances (deficit), September 30	<u>\$ 18,344</u>	<u>\$ 17,243</u>	<u>\$ (1,101)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Family Independence Agency			Soldiers and Sailors			Veterans Trust		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
650,000	584,479	(65,521)	-	-	-	25,000	8,288	(16,712)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
650,000	584,479	(65,521)	-	-	-	25,000	8,288	(16,712)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
665,000	516,047	148,953	25,000	21,734	3,266	25,000	8,008	16,992
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
665,000	516,047	148,953	25,000	21,734	3,266	25,000	8,008	16,992
(15,000)	68,432	83,432	(25,000)	(21,734)	3,266	-	280	280
15,000	15,000	-	25,000	25,000	-	-	-	-
-	-	-	-	-	-	-	-	-
15,000	15,000	-	25,000	25,000	-	-	-	-
-	83,432	83,432	-	3,266	3,266	-	280	280
(6,410)	(6,410)	-	15,257	15,257	-	(598)	(598)	-
\$ (6,410)	\$ 77,022	\$ 83,432	\$ 15,257	\$ 18,523	\$ 3,266	\$ (598)	\$ (318)	\$ 280
Continued...								

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2005

	Historical Commission			Computer		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	-	-	-	6,884	6,884
Local	-	-	-	-	-	-
Charges for services	-	-	-	35,000	52,272	17,272
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	30	30	-	-	-
Total revenues	-	30	30	35,000	59,156	24,156
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	12,000	10,308	1,692	-	-	-
Miscellaneous	-	-	-	9,500	5,584	3,916
Capital outlay	-	-	-	866,239	738,186	128,053
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	12,000	10,308	1,692	875,739	743,770	131,969
Revenue over (under) expenditures	(12,000)	(10,278)	1,722	(840,739)	(684,614)	156,125
Other financing sources (uses)						
Transfers in	12,000	12,000	-	583,643	587,147	3,504
Transfers (out)	-	-	-	(206,429)	(206,429)	-
Total other financing sources (uses)	12,000	12,000	-	377,214	380,718	3,504
Net change in fund balances	-	1,722	1,722	(463,525)	(303,896)	159,629
Fund balances, October 1	47	47	-	455,030	455,030	-
Fund balances (deficit), September 30	<u>\$ 47</u>	<u>\$ 1,769</u>	<u>\$ 1,722</u>	<u>\$ (8,495)</u>	<u>\$ 151,134</u>	<u>\$ 159,629</u>

Brownfield Redevelopment			Remonumentation Supplemental			Local Corrections Officer Training		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
3,171	3,170	(1)	40,589	40,589	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	5,000	48,660	43,660
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,171	3,170	(1)	40,589	40,589	-	5,000	48,660	43,660
-	-	-	-	-	-	-	-	-
-	-	-	40,589	40,589	-	-	-	-
-	-	-	-	-	-	5,000	4,382	618
3,171	3,170	1	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,171	3,170	1	40,589	40,589	-	5,000	4,382	618
-	-	-	-	-	-	-	44,278	44,278
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	44,278	44,278
-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,278	\$ 44,278

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Concluded)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2005

	LEAD Drug Testing			Kellogg Foundation Grant		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	-	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	378,000	378,000	-
Total revenues	-	-	-	378,000	378,000	-
Expenditures						
Current:						
Judicial	500	-	500	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	500	-	500	-	-	-
Revenue over (under) expenditures	(500)	-	500	378,000	378,000	-
Other financing sources (uses)						
Transfers in	500	500	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Total other financing sources (uses)	500	500	-	-	-	-
Net change in fund balances	-	500	500	378,000	378,000	-
Fund balances, October 1	-	-	-	-	-	-
Fund balances (deficit), September 30	\$ -	\$ 500	\$ 500	\$ 378,000	\$ 378,000	\$ -

Juvenile Millage		
Final Budget	Actual	Variance with Final Budget + (-)
\$ 1,129,784	\$ 1,146,600	\$ 16,816
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1,129,784	1,146,600	16,816
-	-	-
-	-	-
24,564	12,642	11,922
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
24,564	12,642	11,922
1,105,220	1,133,958	28,738
-	-	-
(288,395)	(288,395)	-
(288,395)	(288,395)	-
816,825	845,563	28,738
-	-	-
\$ 816,825	\$ 845,563	\$ 28,738

EATON COUNTY, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
September 30, 2005

	<u>Retirees Health Insurance</u>	<u>Workers' Compensation</u>	<u>Liability Insurance</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 82,199	\$ 571,737	\$ 208,824
Investments	4,293,760	-	-
Due from other funds	36,903	6,254	-
Prepays	<u>32,190</u>	<u>18,476</u>	<u>-</u>
Total current assets	<u>4,445,052</u>	<u>596,467</u>	<u>208,824</u>
Liabilities			
Current liabilities:			
Accounts payable	-	1,830	-
Accrued liabilities	<u>-</u>	<u>38,614</u>	<u>121,924</u>
Total current liabilities	<u>-</u>	<u>40,444</u>	<u>121,924</u>
Net assets			
Unrestricted (deficit)	<u><u>\$ 4,445,052</u></u>	<u><u>\$ 556,023</u></u>	<u><u>\$ 86,900</u></u>

<u>Unemployment</u>	<u>Life and Disability</u>	<u>Retirement Stabilization</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ 154,867	\$ 32,954	\$ 80,314	\$ 2,855	\$ 1,133,750
-	-	-	-	4,293,760
370	2,451	61,197	-	107,175
-	-	-	2,257	52,923
<u>155,237</u>	<u>35,405</u>	<u>141,511</u>	<u>5,112</u>	<u>5,587,608</u>
1,476	-	125,617	12,283	141,206
-	-	-	-	160,538
<u>1,476</u>	<u>-</u>	<u>125,617</u>	<u>12,283</u>	<u>301,744</u>
<u>\$ 153,761</u>	<u>\$ 35,405</u>	<u>\$ 15,894</u>	<u>\$ (7,171)</u>	<u>\$ 5,285,864</u>

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended September 30, 2005

	<u>Retirees Health Insurance</u>	<u>Workers' Compensation</u>	<u>Liability Insurance</u>
Operating revenues			
Charges for services	\$ 986,410	\$ 197,047	\$ 693,952
Other revenues	<u>-</u>	<u>445</u>	<u>-</u>
Total operating revenues	<u>986,410</u>	<u>197,492</u>	<u>693,952</u>
Operating expenses			
Personal services and fringe benefits	275	-	-
Contractual services	400	13,125	11,677
Insurance and claims	<u>487,906</u>	<u>2,457</u>	<u>531,975</u>
Total operating expenses	<u>488,581</u>	<u>15,582</u>	<u>543,652</u>
Operating income (loss)	<u>497,829</u>	<u>181,910</u>	<u>150,300</u>
Nonoperating revenues (expenses)			
Unrealized gain on investment	260,635	-	-
Interest revenue	<u>1,934</u>	<u>6,164</u>	<u>7,888</u>
Total nonoperating revenues	<u>262,569</u>	<u>6,164</u>	<u>7,888</u>
Change in net assets	760,398	188,074	158,188
Net assets (deficit), October 1	<u>3,684,654</u>	<u>367,949</u>	<u>(71,288)</u>
Net assets (deficit), September 30	<u><u>\$ 4,445,052</u></u>	<u><u>\$ 556,023</u></u>	<u><u>\$ 86,900</u></u>

<u>Unemployment</u>	<u>Life and Disability</u>	<u>Retirement Stabilization</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ 10,063	\$ 66,600	\$ 1,655,415	\$ 184,372	\$ 3,793,859
-	-	-	-	445
<u>10,063</u>	<u>66,600</u>	<u>1,655,415</u>	<u>184,372</u>	<u>3,794,304</u>
-	-	1,639,521	-	1,639,796
-	1,393	-	174,228	200,823
<u>1,477</u>	<u>106,782</u>	<u>-</u>	<u>-</u>	<u>1,130,597</u>
<u>1,477</u>	<u>108,175</u>	<u>1,639,521</u>	<u>174,228</u>	<u>2,971,216</u>
<u>8,586</u>	<u>(41,575)</u>	<u>15,894</u>	<u>10,144</u>	<u>823,088</u>
-	-	-	-	260,635
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,986</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276,621</u>
8,586	(41,575)	15,894	10,144	1,099,709
<u>145,175</u>	<u>76,980</u>	<u>-</u>	<u>(17,315)</u>	<u>4,186,155</u>
<u>\$ 153,761</u>	<u>\$ 35,405</u>	<u>\$ 15,894</u>	<u>\$ (7,171)</u>	<u>\$ 5,285,864</u>

EATON COUNTY, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2005

	Retirees Health Insurance	Workers' Compensation	Liability Insurance
Cash flows from operating activities			
Cash received from interfund services	\$ 979,683	\$ 196,768	\$ 693,952
Cash paid to/for employees/retirees	(520,371)	(217,581)	-
Cash paid to suppliers	(400)	(16,486)	(569,005)
	<u>458,912</u>	<u>(37,299)</u>	<u>124,947</u>
Cash flows from investing activities			
Purchase of investments	(400,000)	-	-
Interest received	1,934	6,164	7,888
	<u>(398,066)</u>	<u>6,164</u>	<u>7,888</u>
Net cash provided (used) by investing activities	<u>(398,066)</u>	<u>6,164</u>	<u>7,888</u>
Net increase (decrease) in cash and cash equivalents	60,846	(31,135)	132,835
Cash and cash equivalents, October 1	<u>21,353</u>	<u>602,872</u>	<u>75,989</u>
Cash and cash equivalents, September 30	<u><u>\$ 82,199</u></u>	<u><u>\$ 571,737</u></u>	<u><u>\$ 208,824</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 497,829	\$ 181,910	\$ 150,300
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Due from other funds	(6,727)	(724)	-
Prepays	(32,190)	(4,095)	-
Accounts payable	-	734	-
Accrued liabilities	-	(215,124)	(25,353)
	<u>-</u>	<u>(215,124)</u>	<u>(25,353)</u>
Net cash provided (used) by operating activities	<u><u>\$ 458,912</u></u>	<u><u>\$ (37,299)</u></u>	<u><u>\$ 124,947</u></u>

<u>Unemployment</u>	<u>Life and Disability</u>	<u>Retirement Stabilization</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ 10,015	\$ 66,304	\$ 1,648,338	\$ 184,372	\$ 3,779,432
-	(106,782)	(1,639,521)	-	(2,484,255)
-	(5,144)	(95,194)	(178,778)	(865,007)
<u>10,015</u>	<u>(45,622)</u>	<u>(86,377)</u>	<u>5,594</u>	<u>430,170</u>
-	-	-	-	(400,000)
-	-	-	-	15,986
-	-	-	-	(384,014)
10,015	(45,622)	(86,377)	5,594	46,156
<u>144,852</u>	<u>78,576</u>	<u>166,691</u>	<u>(2,739)</u>	<u>1,087,594</u>
<u>\$ 154,867</u>	<u>\$ 32,954</u>	<u>\$ 80,314</u>	<u>\$ 2,855</u>	<u>\$ 1,133,750</u>
\$ 8,586	\$ (41,575)	\$ 15,894	\$ 10,144	\$ 823,088
(47)	(296)	(7,077)	-	(14,871)
-	-	-	(2,257)	(38,542)
1,476	(3,751)	(95,194)	(2,293)	(99,028)
-	-	-	-	(240,477)
<u>\$ 10,015</u>	<u>\$ (45,622)</u>	<u>\$ (86,377)</u>	<u>\$ 5,594</u>	<u>\$ 430,170</u>

EATON COUNTY, MICHIGAN
Combining Statement of Assets and Liabilities
Agency Funds
September 30, 2005

	Trust and Agency	Library	District Court Bond
Assets			
Cash and cash equivalents	\$ 6,464,624	\$ 134,147	\$ 103,330
Investments	20,798	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 6,485,422</u></u>	<u><u>\$ 134,147</u></u>	<u><u>\$ 103,330</u></u>
 Liabilities			
Accounts payable	\$ 43,255	\$ -	\$ -
Due to individuals/agencies	531,826	-	103,330
Due to other governmental units	5,910,341	134,147	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u><u>\$ 6,485,422</u></u>	<u><u>\$ 134,147</u></u>	<u><u>\$ 103,330</u></u>

Inmate Trust Account	Property Forfeiture Trust	Total
\$ 5,003	\$ 2,716	\$ 6,709,820
-	-	20,798
<u>\$ 5,003</u>	<u>\$ 2,716</u>	<u>\$ 6,730,618</u>
\$ -	\$ -	\$ 43,255
5,003	2,716	642,875
-	-	6,044,488
<u>\$ 5,003</u>	<u>\$ 2,716</u>	<u>\$ 6,730,618</u>

EATON COUNTY, MICHIGAN
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended September 30, 2005

	<u>Balance October 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30</u>
<u>Trust and Agency Fund</u>				
Assets				
Cash and cash equivalents	\$ 9,993,746	\$ 51,961,611	\$ 55,490,733	\$ 6,464,624
Investments	20,460	41,391	41,053	20,798
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 10,014,206</u>	<u>\$ 52,003,002</u>	<u>\$ 55,531,786</u>	<u>\$ 6,485,422</u>
Liabilities				
Accounts payable	\$ 9,258,711	\$ 22,862,869	\$ 32,078,325	\$ 43,255
Due to individuals/agencies	549,586	27,444,937	27,462,697	531,826
Due to other governmental units	205,909	24,802,076	19,097,644	5,910,341
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 10,014,206</u>	<u>\$ 75,109,882</u>	<u>\$ 78,638,666</u>	<u>\$ 6,485,422</u>
<u>Library Fund</u>				
Assets				
Cash and cash equivalents	<u>\$ 104,701</u>	<u>\$ 909,521</u>	<u>\$ 880,075</u>	<u>\$ 134,147</u>
Liabilities				
Due to other governmental units	<u>\$ 104,701</u>	<u>\$ 909,521</u>	<u>\$ 880,075</u>	<u>\$ 134,147</u>

continued...

EATON COUNTY, MICHIGAN
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
For the Year Ended September 30, 2005

	<u>Balance October 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30</u>
<u>District Court Bond Fund</u>				
Assets				
Cash and cash equivalents	\$ 120,369	\$ 643,075	\$ 660,114	\$ 103,330
Liabilities				
Due to individuals/agencies	\$ 120,369	\$ 643,075	\$ 660,114	\$ 103,330
<u>Inmate Trust Fund</u>				
Assets				
Cash and cash equivalents	\$ 4,214	\$ 354,452	\$ 353,663	\$ 5,003
Liabilities				
Due to individuals/agencies	\$ 4,214	\$ 354,452	\$ 353,663	\$ 5,003
<u>Property Forfeiture Trust</u>				
Assets				
Cash and cash equivalents	\$ 966	\$ 20,110	\$ 18,360	\$ 2,716
Liabilities				
Due to individuals/agencies	\$ 966	\$ 20,110	\$ 18,360	\$ 2,716

continued...

EATON COUNTY, MICHIGAN
Combining Statement of Changes in Assets and Liabilities (Concluded)
Agency Funds
For the Year Ended September 30, 2005

	<u>Balance October 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30</u>
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 10,223,996	\$ 53,888,769	\$ 57,402,945	\$ 6,709,820
Investments	20,460	41,391	41,053	20,798
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 10,244,456</u>	<u>\$ 53,930,160</u>	<u>\$ 57,443,998</u>	<u>\$ 6,730,618</u>
Liabilities				
Accounts payable	\$ 9,258,711	\$ 22,862,869	\$ 32,078,325	\$ 43,255
Due to individuals/agencies	675,135	28,462,574	28,494,834	642,875
Due to other governmental units:				
Federal/State	<u>310,610</u>	<u>25,711,597</u>	<u>19,977,719</u>	<u>6,044,488</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 10,244,456</u>	<u>\$ 77,037,040</u>	<u>\$ 80,550,878</u>	<u>\$ 6,730,618</u>

EATON COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
Board of Public Works Component Unit
September 30, 2005

	Debt Service Funds				Capital			
	Eaton	Grand	Dimondale/	Charlotte	Projects Funds			
	Rapids	Ledge	Windsor	Water /	Grand Ledge			
	Water	Water	Sewer	Sewer	Water/Sewer		GASB 34	Statement of
	System	System	System	Systems	Systems	Total	Adjustments	Net Assets
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 4,931,766	\$ 4,931,766	\$ -	\$ 4,931,766
Leases receivable	-	-	-	-	-	-	8,695,589	8,695,589
Bond issuance costs	-	-	-	-	-	-	140,495	140,495
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,931,766</u>	<u>\$ 4,931,766</u>	<u>8,836,084</u>	<u>13,767,850</u>
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 331,784	\$ 331,784	-	331,784
Interest payable	-	-	-	-	-	-	75,126	75,126
Long-term debt:								
Due within one year	-	-	-	-	-	-	915,000	915,000
Due in more than one year	-	-	-	-	-	-	12,401,936	12,401,936
Total liabilities	-	-	-	-	331,784	331,784	13,392,062	13,723,846
Fund balances / net assets								
Fund balance- unreserved, undesignated	-	-	-	-	4,599,982	4,599,982	(4,599,982)	-
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,931,766</u>	<u>\$ 4,931,766</u>		
Net assets - unrestricted							<u>\$ 44,004</u>	<u>\$ 44,004</u>

EATON COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
Board of Public Works Component Unit
September 30, 2005

Total fund balances for governmental funds	\$ 4,599,982
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Leases receivable are not current financial resources and therefore are not reported in governmental funds	8,695,589
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Long-term bonded debt is not due and payable in the current period and therefore not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement.

Deduct - bonds and notes payable	(13,316,936)	
Deduct - interest payable	(75,126)	
Add - unamortized bond issuance costs	140,495	
	(13,251,567)	(13,251,567)

Net assets of governmental activities	\$ 44,004
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EATON COUNTY, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balance
Board of Public Works Component Unit
For the Year Ended September 30, 2005

	Debt Service Funds				Capital			
	Eaton Rapids Water System	Grand Ledge Water System	Dimondale/ Windsor Sewer System	Charlotte Water / Sewer Systems	Projects Funds Grand Ledge Water/Sewer Systems			
						Total	GASB 34 Adjustments	Statement of Activities
Revenues								
Intergovernmental - local	\$ 133,794	\$ 545,430	\$ 545,050	\$ 225,014	\$ -	\$ 1,449,288	\$ (1,084,220)	\$ 365,068
Interest and rents	-	-	-	-	57,980	57,980	-	57,980
Total revenues	133,794	545,430	545,050	225,014	57,980	1,507,268	(1,084,220)	423,048
Expenditures / expenses								
Capital outlay	-	-	-	-	1,649,173	1,649,173	(1,649,173)	-
Debt service:								
Principal	85,000	125,000	390,000	165,000	-	765,000	(765,000)	-
Interest and fiscal charges	48,794	171,747	155,050	60,014	-	435,605	(56,561)	379,044
Bond issuance costs	-	29,071	-	-	113,825	142,896	(142,896)	-
Total expenditures/expenses	133,794	325,818	545,050	225,014	1,762,998	2,992,674	(2,613,630)	379,044
Revenues over (under) expenditures/expenses	-	219,612	-	-	(1,705,018)	(1,485,406)	1,529,410	44,004
Other financing sources (uses)								
Transfers in	-	219,003	-	-	-	219,003	(219,003)	-
Transfers out	-	-	-	-	(219,003)	(219,003)	219,003	-
Long-term debt issued	-	-	-	-	6,305,000	6,305,000	(6,305,000)	-
Premiums on long-term debt	-	-	-	-	219,003	219,003	(219,003)	-
Refunding debt issued	-	1,670,000	-	-	-	1,670,000	(1,670,000)	-
Premiums on refunding debt	-	46,608	-	-	-	46,608	(46,608)	-
Payment to refunding bond escrow agent	-	(2,155,223)	-	-	-	(2,155,223)	2,155,223	-
Total other financing sources	-	(219,612)	-	-	6,305,000	6,085,388	(6,085,388)	-
Net changes in fund balances	-	-	-	-	4,599,982	4,599,982	(4,599,982)	-
Change in net assets	-	-	-	-	-	-	44,004	44,004
Fund balances / net assets, October 1	-	-	-	-	-	-	-	-
Fund balances / net assets, September 30	\$ -	\$ -	\$ -	\$ -	\$ 4,599,982	\$ 4,599,982	\$ (4,555,978)	\$ 44,004

EATON COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
Board of Public Works Component Unit
For the Year Ended September 30, 2005

Net change in fund balance - total governmental funds \$ 4,599,982

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, these costs are represent increases in leases receivable.

Add - capital outlay 1,649,173

Amounts received from local governments for the payment of bond principal is recorded in the funds as revenue, but eliminated for the Statement of Activities

Deduct - collections attributable to bond principal and accrued interest (1,084,220)

Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Assets. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets.

Deduct - long-term debt issued	(6,305,000)	
Deduct - premiums on long-term debt	(219,003)	
Deduct - refunding debt issued	(1,670,000)	
Deduct - premiums on refunding debt	(46,608)	
Add - payment to refunding bond escrow agent	2,155,223	
Add - bond issuance costs	142,896	
Add - debt principal payments	765,000	(5,177,492)

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add - decrease in accrual for interest payable on bonds and notes 56,561

Changes in net assets of governmental activities \$ 44,004

EATON COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
Drainage Districts Component Unit
September 30, 2005

	Debt		Capital Projects Funds	
	Service Fund			Narrow
	Regular	Regular	Drain	Lake
	Drain	Drain	Revolving	Level
Assets				
Cash and cash equivalents	\$ 1,504,635	\$ 29,525,491	\$ 59,563	\$ 10,999
Special assessments receivable	45,876,898	3,856	-	-
Interest receivable	4,083	5,113	-	-
Due from other funds	6,139	-	60,437	-
Due from other governments	-	9,584	-	-
Bond issuance costs	-	-	-	-
Capital assets not being depreciated	-	-	-	-
Capital assets being depreciated, net	-	-	-	-
Total assets	\$ 47,391,755	\$ 29,544,044	\$ 120,000	\$ 10,999
Liabilities				
Accounts payable	\$ -	\$ 1,693,466	\$ -	\$ -
Interest payable	-	-	-	-
Due to other funds	3,115	63,461	-	-
Deferred revenue	45,857,239	-	-	-
Advances from primary government	-	-	120,000	-
Short-term notes payable	-	1,180,000	-	-
Long-term debt:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	45,860,354	2,936,927	120,000	-
Fund balances / net assets				
Fund balances - unreserved	1,531,401	26,607,117	-	10,999
Total liabilities and fund balances	\$ 47,391,755	\$ 29,544,044	\$ 120,000	\$ 10,999
Net assets:				
Invested in capital assets, net of related debt				
Restricted				
Unrestricted				
Total net assets				

<u>Lacey Lake Level</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Net Assets</u>
\$ 351	\$ 31,101,039	\$ -	\$ 31,101,039
-	45,880,754	-	45,880,754
-	9,196	-	9,196
-	66,576	-	66,576
-	9,584	-	9,584
-	-	222,676	222,676
-	-	8,605,581	8,605,581
-	-	32,744,099	32,744,099
<u>\$ 351</u>	<u>\$ 77,067,149</u>	<u>41,572,356</u>	<u>118,639,505</u>
\$ -	\$ 1,693,466	-	1,693,466
-	-	287,000	287,000
-	66,576	-	66,576
-	45,857,239	(45,857,239)	-
-	120,000	-	120,000
-	1,180,000	-	1,180,000
-	-	1,790,602	1,790,602
-	-	42,716,471	42,716,471
-	48,917,281	(1,063,166)	47,854,115
351	28,149,868	(28,149,868)	-
<u>\$ 351</u>	<u>\$ 77,067,149</u>		
		19,513,295	19,513,295
		24,202,089	24,202,089
		<u>27,070,006</u>	<u>27,070,006</u>
		<u>\$ 70,785,390</u>	<u>\$ 70,785,390</u>

EATON COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
Drainage Districts Component Unit
September 30, 2005

Total fund balances for governmental funds	\$ 28,149,868
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - capital assets	\$ 50,126,333	
Deduct - accumulated depreciation	(8,776,653)	41,349,680

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e. receivables) are offset by deferred revenues in the governmental funds and, therefore, not included in fund balance.

Add - deferred special assessments	45,857,239
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Long-term bonded debt is not due and payable in the current period and therefore not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement.

Deduct - long-term debt payable	(43,694,667)	
Deduct - unamortized premiums	(901,597)	
Add - unamortized deferred loss on refunding	89,191	
Add - unamortized bond issuance costs	222,676	
Deduct - interest payable	(287,000)	(44,571,397)

Net assets of governmental activities	\$ 70,785,390
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EATON COUNTY, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balance
Drainage Districts Component Unit
For the Year Ended September 30, 2005

	Debt Service Fund	Capital Projects Funds		
	Regular Drain	Regular Drain	Drain Revolving	Narrow Lake Level
Revenues				
Charges for services	\$ -	\$ 1,273,170	\$ -	\$ -
Special assessments	1,475,915	4,721,927	-	10,999
Interest revenue	92,659	232,512	-	-
Miscellaneous	-	18,465	-	-
	<u>-</u>	<u>18,465</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,568,574</u>	<u>6,246,074</u>	<u>-</u>	<u>10,999</u>
Expenditures / expenses				
Public works	-	-	-	-
Capital outlay - construction and maintenance	-	5,331,709	-	-
Debt service:				
Principal	2,806,817	-	-	-
Interest and fiscal charges	1,020,913	19,467	-	-
Bond issuance costs	-	223,596	-	-
	<u>-</u>	<u>223,596</u>	<u>-</u>	<u>-</u>
Total expenditures / expenses	<u>3,827,730</u>	<u>5,574,772</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures/expenses	<u>(2,259,156)</u>	<u>671,302</u>	<u>-</u>	<u>10,999</u>
Other financing sources (uses)				
Transfers in	375,307	22,192	-	-
Transfers out	-	(397,499)	-	-
Long-term and refunding debt issued	-	36,060,500	-	-
Premiums on long-term and refunding debt	-	905,323	-	-
Payment to refunding bond escrow agent	-	(19,009,560)	-	-
	<u>-</u>	<u>(19,009,560)</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>375,307</u>	<u>17,580,956</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(1,883,849)</u>	<u>18,252,258</u>	<u>-</u>	<u>10,999</u>
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	-	-	-	-
Fund balances / net assets, October 1, as restated	<u>3,415,250</u>	<u>8,354,859</u>	<u>-</u>	<u>-</u>
Fund balances / net assets, September 30	<u>\$ 1,531,401</u>	<u>\$ 26,607,117</u>	<u>\$ -</u>	<u>\$ 10,999</u>

Lacey Lake Level	Total	GASB 34 Adjustments	Statement of Net Assets
\$ -	\$ 1,273,170	\$ -	\$ 1,273,170
-	6,208,841	37,412,315	43,621,156
-	325,171	-	325,171
-	18,465	-	18,465
-	7,825,647	37,412,315	45,237,962
-	-	913,439	913,439
-	5,331,709	(5,331,709)	-
-	2,806,817	(2,806,817)	-
-	1,040,380	(137,403)	902,977
-	223,596	(223,596)	-
-	9,402,502	(7,586,086)	1,816,416
-	(1,576,855)	44,998,401	43,421,546
-	397,499	(397,499)	-
-	(397,499)	397,499	-
-	36,060,500	(36,060,500)	-
-	905,323	(905,323)	-
-	(19,009,560)	19,009,560	-
-	17,956,263	(17,956,263)	-
-	16,379,408	(16,379,408)	-
-	-	142,710	142,710
-	-	43,564,256	43,564,256
351	11,770,460	15,450,674	27,221,134
<u>\$ 351</u>	<u>\$ 28,149,868</u>	<u>\$ 42,635,522</u>	<u>\$ 70,785,390</u>

EATON COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
Drainage Districts Component Unit
For the Year Ended September 30, 2005

Net change in fund balance - total governmental funds	\$ 16,379,408
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Amounts reported for governmental activities in the Statement of Activities are different because:

Revenues in the Statement of Activities that do not provide current resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.

Add - increase in deferred special assessments	37,412,315
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Add - capital outlay	\$ 5,331,709	
Deduct - depreciation expense	(913,439)	
Add - capital contributions by private parties	142,710	4,560,980

Bond proceeds provide current financial resources to the governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets.

Deduct - issuance of long-term and refunding debt	(36,060,500)	
Deduct - premiums on long-term and refunding debt	(905,323)	
Add - payment to refunding bond escrow agent	19,009,560	
Add - bond issuance costs	223,596	
Add - repayment of bond principal	2,806,817	(14,925,850)

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add - decrease in accrual for interest payable on long-term debt	137,403
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Changes in net assets of governmental activities	\$ 43,564,256
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EATON COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
District Health Department Component Unit
September 30, 2005

	Special Revenue	GASB 34 Adjustments	Statement of Net Assets
Assets			
Cash and cash equivalents	\$ 1,369,573	\$ -	\$ 1,369,573
Accounts receivable, net	812,800	-	812,800
Prepays	54,695	-	54,695
Capital assets being depreciated, net	-	203,202	203,202
Total assets	<u>\$ 2,237,068</u>	<u>203,202</u>	<u>2,440,270</u>
Liabilities			
Accounts payable	\$ 392,031	-	392,031
Accrued liabilities	175,558	-	175,558
Deferred revenue	1,582	-	1,582
Long-term debt:			
Due within one year	-	37,343	37,343
Due in more than one year	-	336,091	336,091
Total liabilities	<u>569,171</u>	<u>373,434</u>	<u>942,605</u>
Fund balance / net assets			
Fund balance - unreserved:			
Designated for capital expenditures	22,700	(22,700)	-
Undesignated	1,645,197	(1,645,197)	-
Total fund balance	<u>1,667,897</u>	<u>(1,667,897)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 2,237,068</u>		
Net assets:			
Invested in capital assets		203,202	203,202
Unrestricted		1,294,463	1,294,463
Total net assets		<u>\$ 1,497,665</u>	<u>\$ 1,497,665</u>

EATON COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
District Health Department Component Unit
September 30, 2005

Total fund balances for governmental funds	\$	1,667,897
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Equipment	950,154	
Accumulated depreciation	<u>(746,952)</u>	203,202

Accrued vacation and sick time earned by eligible employees is not payable in the current period and therefore is not reported in the funds. However, these amounts are included in the Statement of Net Assets.

(373,434)

Net assets of governmental activities	\$	<u><u>1,497,665</u></u>
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EATON COUNTY, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balance
District Health Department Component Unit
For the Year Ended September 30, 2005

	<u>Special Revenue</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Licenses and permits	\$ 195,817	\$ -	\$ 195,817
Intergovernmental:			
Federal/State	3,076,530	-	3,076,530
Local	1,247,171	-	1,247,171
Charges for services	2,299,154	-	2,299,154
Miscellaneous	365,201	-	365,201
	<hr/>	<hr/>	<hr/>
Total revenues	7,183,873	-	7,183,873
Expenditures / expenses			
Health and social services	6,622,828	(25,965)	6,596,863
	<hr/>	<hr/>	<hr/>
Net changes in fund balance	561,045	(561,045)	-
Change in net assets	-	587,010	587,010
Fund balance / net assets, October 1, as restated	1,106,852	(196,197)	910,655
	<hr/>	<hr/>	<hr/>
Fund balance / net assets, September 30	<u>\$ 1,667,897</u>	<u>\$ (170,232)</u>	<u>\$ 1,497,665</u>

EATON COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
District Health Department Component Unit
For the Year Ended September 30, 2005

Net change in fund balance - total governmental funds	\$	561,045
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Equipment	56,674	
Depreciation expense	(38,739)	17,935

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Decrease in accrual for accrued compensated absences		8,030

Changes in net assets of governmental activities	\$	<u><u>587,010</u></u>
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STATISTICAL SECTION

Table 1

**EATON COUNTY, MICHIGAN
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (a)
LAST TEN FISCAL YEARS - UNAUDITED
SEPTEMBER 30, 2005**

Fiscal Year	General Government	Legislative	Judicial	Public Safety	Public Works	Health and Social Services	Recreation and Cultural	Capital Outlay	Debt Service	Other	Total Expenditures
1996 (b)	\$ 3,106,056	\$ 116,210	\$ 2,556,328	\$ 7,154,577	\$ 6,534,222	\$ 6,761,738	\$ 248,335	\$ 14,357,024	\$ 3,713,152	\$ 309,374	\$ 44,857,016
1997	4,454,949	174,862	3,446,607	10,235,544	9,400,773	8,732,958	370,089	7,375,455	6,284,317	535,703	51,011,257
1998	4,682,772	169,024	3,734,229	10,871,950	8,051,107	8,588,251	355,759	3,707,261	5,396,568	804,195	46,361,116
1999	5,001,245	173,914	3,824,907	11,515,645	7,404,082	8,742,797	353,214	5,896,148	5,727,423	1,122,481	49,761,856
2000	5,327,506	192,100	3,965,934	12,526,649	12,168,602	8,910,598	389,303	5,845,376	5,414,111	1,242,547	55,982,726
2001	5,697,281	203,856	4,135,400	12,972,999	12,974,132	9,307,236	354,744	4,638,480	5,588,744	1,265,753	57,138,625
2002	6,074,107	216,807	4,302,486	13,755,854	16,254,537	10,322,236	352,710	5,242,671	6,746,567	1,268,318	64,536,293
2003	6,915,960	235,553	4,695,584	14,859,216	18,794,881	10,679,369	453,181	12,400,976	7,598,981	33,391	76,667,092
2004	6,803,444	240,107	5,023,966	15,749,340	14,596,594	12,101,527	447,563	17,477,267	18,174,616	28,162	90,642,586
2005	6,861,242	287,810	5,307,940	16,399,547	12,980,486	12,336,256	457,868	8,668,297	8,256,927	23,850	71,580,223

(a) - Includes General, Special Revenue, Debt Service, Capital Projects and Permanent Trust Funds of the Primary Government and its Component Units.

(b) - Nine months ended September 30.

Source: Eaton County Controllers Office

Table 2

**EATON COUNTY, MICHIGAN
GENERAL GOVERNMENT REVENUES BY SOURCE (a)
LAST TEN FISCAL YEARS - UNAUDITED
SEPTEMBER 30, 2005**

Fiscal Year	Taxes	Licenses and Permits	Intergovern- mental	Charges for services	Fines and Forfeitures	Special Assessments	Interest and Rent	Other	Total
1996 (b)	\$ 12,655,710	\$ 672,854	\$ 13,848,930	\$ 4,221,368	\$ 114,102	\$ 1,079,244	\$ 1,214,679	\$ 355,080	\$ 34,161,967
1997	12,975,964	981,168	20,133,175	6,006,772	162,638	1,136,120	1,224,331	689,772	43,309,940
1998	13,706,524	1,100,195	20,546,024	6,607,096	207,213	1,363,286	1,251,251	463,115	45,244,704
1999	14,538,995	1,231,484	21,746,925	6,475,121	244,100	2,563,853	1,374,492	679,826	48,854,796
2000	15,331,617	1,090,255	24,036,013	5,873,662	268,129	2,093,295	1,728,819	752,522	51,174,312
2001	16,038,616	1,052,592	25,263,632	6,117,020	327,167	2,063,038	1,577,050	819,997	53,259,112
2002	17,290,310	1,001,150	30,215,410	6,194,722	156,380	1,919,237	978,022	696,805	58,452,036
2003	18,448,996	1,159,813	37,804,626	5,722,019	177,108	1,880,263	744,315	801,975	66,739,115
2004	19,494,199	1,334,076	26,619,616	7,218,161	193,877	1,991,607	670,067	761,630	58,283,233
2005	22,058,662	1,275,333	26,545,248	7,510,615	158,912	43,621,156	891,942	1,935,609	103,997,477

(a) - Includes General, Special Revenue, Debt Service, Capital Projects and Permanent Trust Funds of the Primary Government and its Component Units

(b) - Nine months ended September 30.

N/A - Revenue was combined with Other Revenue

Source: Eaton County Controllers Office

Table 3

**EATON COUNTY, MICHIGAN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS - UNAUDITED
SEPTEMBER 30, 2005**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>
1996 (a)	\$ 9,111,961	\$ 8,599,013	94.37
1997	9,503,379	8,990,742	94.61
1998	10,092,545	9,508,616	94.21
1999	10,723,633	10,108,914	94.27
2000	11,319,479	10,631,909	93.93
2001	11,840,898	11,071,430	93.50
2002	12,792,687	12,037,674	94.10
2003	13,596,061	12,836,334	94.41
2004	14,300,953	13,549,815	94.75
2005	15,052,333	14,230,663	94.75

(a) - Nine months ended September 30.

Note: Delinquent information not available.

Source: Eaton County Treasurer's Office

Table 4

**EATON COUNTY, MICHIGAN
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS - UNAUDITED
SEPTEMBER 30, 2005**

State Equalization Value (b)							
Fiscal Year	Real Property		Personal Property		Total		
	Assessed Value	Estimated Actual Value (b)	Assessed Value	Estimated Actual Value (b)	Assessed Value	Estimated Actual Value (b)	
1996 (a)	\$ 1,566,120,925	\$ 3,132,241,850	\$ 158,928,770	\$ 317,857,540	\$ 1,725,049,695	\$ 3,450,099,390	
1997	1,658,458,916	3,316,917,832	162,722,670	325,445,340	1,821,181,586	3,642,363,172	
1998	1,789,596,925	3,579,193,850	177,634,489	355,268,978	1,967,231,414	3,934,462,828	
1999	1,948,556,761	3,897,113,522	186,909,901	373,819,802	2,135,466,662	4,270,933,324	
2000	2,155,454,078	4,310,908,156	199,913,830	399,827,660	2,355,367,908	4,710,735,816	
2001	2,348,242,970	4,696,485,940	182,476,686	364,953,372	2,530,719,656	5,061,439,312	
2002	2,578,296,529	5,156,593,058	213,097,280	426,194,560	2,791,393,809	5,582,787,618	
2003	2,848,847,293	5,697,694,586	215,364,180	430,728,360	3,064,211,473	6,128,422,946	
2004	3,148,706,480	6,297,412,960	214,872,660	429,745,320	3,363,579,140	6,727,158,280	
2005	3,385,165,493	6,770,330,986	210,085,941	420,171,882	3,595,251,434	7,190,502,868	

(a) - Nine months ended September 30.

(b) - In accordance with Act 409, Public Acts of Michigan, 1965, and Article IX, Section 3, of the Michigan Constitution, the State Equalization Valuation represents fifty percent of true cash value.

Source: Eaton County Equalization Department

Table 5

EATON COUNTY, MICHIGAN
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$1,000 of Valuation)
LAST TEN YEARS - UNAUDITED
SEPTEMBER 30, 2005

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
County										
Operating	5.4087	5.4087	5.4087	5.4087	5.3433	5.2994	5.2797	5.2591	5.2486	5.2233
Jail	.9834	.9834	.9834	.9834	.9714	.9634	.9598	.9560	.9541	.9494
E-911	.9500	.9500	.9500	.9500	.9384	.9307	.9272	.9235	.9500	.9454
EATRAN	.1500	.2200	.2200	.2200	.2469	.2000	.2500	.2490	.2485	.2473
Juvenile	.0000	.0000	.0000	.0000	.0000	.0000	.0000	.0000	.4000	.3980
Total	7.4921	7.5621	7.5621	7.5621	7.5000	7.3935	7.4167	7.3876	7.8012	7.7634
Townships										
Bellevue	.9266	1.9266	1.4223	1.4050	1.3840	1.3559	1.3379	1.8586	1.8355	.8398
Benton	1.4573	1.4573	1.4531	1.4457	1.4301	.9415	.9338	.9338	.9287	.9168
Brookfield	.9452	.9442	.9440	.9411	.9251	.9181	.9053	.9053	.9053	.8767
Carmel	.9438	.9304	1.8195	1.8099	1.8003	.9036	.8961	.8843	.8876	.8557
Chester	.9805	.9792	.9789	.9727	.9605	.9480	.9315	.9194	.9041	.8903
Delta	5.9766	5.9766	5.9766	5.9709	5.9255	6.7155	6.6883	6.5683	6.5383	6.5183
Eaton	.9334	.9334	1.8259	1.8162	1.7992	.8949	.8873	.8773	.8475	.8475
Eaton Rapids	.9427	.9377	.9294	.9136	.9020	.8934	.8828	.8739	.8594	.8481
Hamlin	.9665	.9576	.9571	.9515	.9399	.9271	.9128	.9014	1.8904	1.8614
Kalamo	.9660	.9468	.9468	.9288	.9146	.9057	.8886	.8718	.8542	.8483
Oneida	.9652	.9614	.9614	.9497	.9497	.9467	.9425	.9293	.9148	.9106
Roxand	.9414	.9294	1.8588	1.8229	1.8290	.9041	.8978	.8810	.8759	.8637
Sunfield	.9694	.9694	2.2666	2.2507	2.2427	.9496	.9469	.9335	.9306	.9233
Vermontville	.9218	2.4114	2.4075	2.3896	2.3702	2.3494	2.6204	2.6029	2.5472	2.4805
Walton	.9651	.9613	.9566	.9390	.9308	.9308	.9172	.9084	.8940	.8834
Windsor	2.4000	2.4000	2.4000	2.4000	2.4000	2.4000	2.4000	2.4000	2.4000	2.4000
Cities										
Charlotte	15.7590	14.7870	15.4270	14.5252	14.5270	13.6423	13.6462	13.6481	13.4170	13.4170
Eaton Rapids	18.0660	9.8658	9.8412	9.7881	9.7430	9.7029	9.6950	9.6271	9.6542	10.4030
Grand Ledge	14.6778	13.4353	12.9445	13.2659	13.1794	13.0304	11.7413	11.5686	11.4482	11.3759
Lansing	18.6136	19.6794	19.6625	19.4969	19.7718	19.2859	18.2407	18.6154	18.5317	18.5172
Olivet	14.4786	14.3787	14.3787	14.3370	13.8782	14.8154	14.6864	14.6614	14.6129	14.4111
Potterville	15.3134	14.3093	14.1524	13.8781	13.7389	13.0634	12.8530	12.6794	12.4701	12.2506
Villages										
Bellevue	11.4929	11.2159	11.2159	14.2557	14.0775	16.9578	16.6881	16.5833	16.4123	16.1479
Mulliken	6.2907	6.0032	5.8975	5.7542	5.6166	5.3189	5.1226	5.1226	4.9059	4.6895
Sunfield	10.3229	10.2620	10.2620	10.2620	10.2620	10.2620	10.2620	12.2620	10.5000	10.1409
Vermontville	15.0000	15.0000	15.0000	15.0000	15.0000	15.0000	15.0000	15.0000	14.7318	14.6080
Dimondale	7.2878	7.2878	7.2878	7.2878	7.2878	7.2878	7.2878	10.0000	10.0000	10.0000
Local Schools										
Bellevue	32.2300	37.2300	36.2152	35.2300	34.2300	37.0428	35.8690	24.1880	34.2070	32.2300
Charlotte	26.2000	26.5000	26.5000	31.0000	31.0000	31.0000	31.5504	30.5900	31.5900	31.5900
Eaton Rapids	31.0000	31.0000	31.0000	31.0000	30.8056	30.8056	30.8056	29.8056	31.0000	30.9766
Grand Ledge	30.9000	31.0000	31.0000	30.4000	30.1084	30.1000	30.5800	28.0737	29.0705	28.8847
Holt	31.0000	31.0000	31.0000	30.9298	33.7791	33.6724	33.6724	32.4674	33.3171	33.3171
Lakewood	33.2786	30.0286	30.0934	29.7666	29.3389	29.5000	28.8627	28.0000	29.0000	28.7500
Lansing	25.9005	24.8839	24.9413	25.5190	25.0423	25.0681	25.0118	24.0617	26.6468	26.3981
Roxand - Loucks #12	24.0000	24.0000	30.1666	24.0000	24.0000	24.0000	28.9604	28.0000	29.0000	28.7500
Maple Valley	27.0000	30.0000	29.1000	29.1000	28.6742	28.4992	29.0000	28.0000	29.0000	29.0000
Olivet	31.6500	31.6500	31.6500	31.6500	31.6356	31.6356	32.9942	31.8901	33.0500	33.0500
Portland	31.3500	31.3500	31.3500	31.1316	28.9783	30.5029	31.0652	30.0544	31.3500	31.3500
Potterville	32.7700	38.1350	35.9815	33.9731	32.2168	32.2168	32.2168	30.8701	32.3500	32.0872
Springport	26.4000	32.9500	32.9500	32.9500	32.5936	32.4736	32.9500	31.9500	32.9500	32.9500
Oneida - Strange #3	30.1666	30.1666	24.0000	30.1666	30.1660	30.1666	30.1666	29.1474	30.1474	24.0000
Waverly	32.6400	32.3000	24.0000	31.8700	34.4800	36.1000	35.4400	34.2200	34.8400	28.2000
Intermediate School Districts										
Calhoun	6.1022	6.3828	6.1022	6.0764	6.0764	6.0694	6.0516	6.2057	6.2057	6.2057
Eaton	4.1005	4.0930	4.0881	4.0638	4.0311	3.9858	3.9704	3.9457	3.9215	3.8896
Ingham	6.1977	6.1977	6.1913	6.1618	6.1933	4.7861	4.7625	6.0548	6.0291	5.9911
Ionia	2.9869	2.9869	2.9786	2.9581	2.9213	2.8885	2.8613	4.5747	4.5369	4.4963
Jackson	7.9275	8.8854	8.8445	8.7194	8.5624	8.4928	7.4217	8.2207	8.1739	8.1334

Source: Eaton County Equalization Office and County Apportionment Report

Table 6

**EATON COUNTY, MICHIGAN
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS - UNAUDITED
SEPTEMBER 30, 2005**

Fiscal Year	Special Assessment Billings (a)	Special Assessments Collected (b)
1996	\$ 996,843	\$ 1,149,254
1997	961,707	1,079,244
1998	1,176,492	1,136,120
1999	1,206,267	1,363,286
2000	1,590,314	2,563,853
2001	1,666,815	2,397,489
2002	1,657,720	1,931,256
2003	1,516,056	1,636,338
2004	1,548,533	1,991,607
2005	3,583,579	6,208,841

(a) - Amounts are on a calendar year basis.

(b) - Includes prepayments.

Source: Eaton County Drain Commissioner

Table 7

**EATON COUNTY, MICHIGAN
COMPUTATION OF LEGAL DEBT MARGIN - UNAUDITED
AS OF SEPTEMBER 30, 2005**

2004 State Equalized Valuation (December 1, 2004 tax levy)	\$ 3,595,251,434
10% Debt limit*	359,525,143
Amount of Direct Debt Outstanding	39,614,842
Less: Amounts available in Debt Service Funds	<u>-</u>
Additional Debt Which Could be Legally Incurred	<u><u>\$ 319,910,301</u></u>

* Michigan Counties are subject to a Constitutional debt limitation of 10% of that years State Equalized Valuation.

Note: A breakdown of the Amount of Direct Debt Outstanding can be found in the notes to the financial statements.

Table 8

**EATON COUNTY, MICHIGAN
COMPUTATION OF DIRECT
AND OVERLAPPING DEBT - UNAUDITED
AS OF SEPTEMBER 30, 2005**

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>
Direct -	
Eaton County	\$ 39,614,842
Less:	
Self-Supporting Bonds	20,614,842
Michigan Transportation Fund Bonds	<u>6,880,000</u>
Net Direct Debt	<u>12,120,000</u>
Overlapping Debt:	
Cities	24,027,386
Townships	22,359,967
Villages	445,000
School Districts	242,349,623
Intermediate School Districts	1,764,730
Community College	<u>10,574,998</u>
Net Overlapping Debt	<u>301,521,704</u>
 Total Direct and Overlapping Debt	 <u><u>\$ 313,641,704</u></u>

Note: A breakdown of the Amount of Direct Debt Outstanding can be found in the notes to the financial statements.

Source: County General Obligation Tax notes Official Statement

Table 9

**EATON COUNTY, MICHIGAN
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
 BONDED DEBT TO TOTAL GENERAL EXPENDITURES
 LAST TEN FISCAL YEARS - UNAUDITED
 SEPTEMBER 30, 2005**

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (b)	Ratio of Debt Service to General Expenditures
1996 (a)	\$ 805,000	\$ 527,893	\$ 1,332,893	\$ 18,711,464	0.071
1997	1,920,000	764,952	2,684,952	27,040,641	0.099
1998	955,000	657,326	1,612,326	27,344,178	0.059
1999	1,035,000	612,672	1,647,672	29,329,759	0.056
2000	450,000	384,601	834,601	31,325,324	0.027
2001	275,000	487,676	762,676	31,821,783	0.024
2002	400,000	471,509	871,509	33,822,750	0.026
2003	1,685,000	745,011	2,430,011	37,830,966	0.064
2004	1,950,000	672,586	2,622,586	45,593,040	0.058
2005	1,780,000	280,184	2,060,184	39,731,079	0.052

(a) - Nine months ended September 30.

(b) - General, Special Revenue, Debt Service and Permanent Trust Funds

Source: County General Obligation Tax notes Official Statement

Other Sources: Eaton County Treasurer's Office

Table 10

**EATON COUNTY, MICHIGAN
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS - UNAUDITED
SEPTEMBER 30, 2005**

Fiscal Year	Population (b)	Assessed Value	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1996 (a)	99,716	\$ 1,684,981,176	\$ 12,700,000	\$ 1,116,346	\$ 11,583,654	0.69%	\$116.17
1997	100,369	1,759,716,269	10,865,000	37,369	10,827,631	0.62%	107.88
1998	101,022	1,867,816,263	9,925,000	9,160	9,915,840	0.53%	98.16
1999	101,612	1,984,609,654	10,820,000	9,345	10,615,655	0.53%	104.47
2000	101,090	2,104,926,375	10,365,000	13,995	10,351,005	0.49%	102.39
2001	103,655	2,530,719,656	10,095,000	7,938	10,087,062	0.40%	97.31
2002	104,837	2,791,393,809	17,795,000	21,234	17,773,766	0.64%	169.54
2003	104,837	3,064,211,473	16,610,000	7,023	16,602,977	0.54%	158.37
2004	107,596	3,363,579,140	14,160,000	6,674	14,153,326	0.42%	131.54
2005	107,596	3,595,251,434	12,125,000	-	12,125,000	0.34%	112.69

(a) - Nine months ended September 30.

(b) - Source: U.S. Census Bureau

Other Sources: Eaton County Treasurer's Office

Table 11

**EATON COUNTY, MICHIGAN
PROPERTY AND CONSTRUCTION VALUES
LAST TEN YEARS - UNAUDITED
SEPTEMBER 30, 2005**

<u>Year</u>	<u>Residential Construction Value</u>	<u>Agricultural</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Residential</u>	<u>Developmental</u>
1996	\$ 54,488,468	\$ 129,804,450	\$ 285,212,528	\$ 92,009,369	\$ 1,149,227,669	\$ 2,204,900
1997	48,289,921	138,501,000	299,969,693	95,252,105	1,253,067,733	2,806,394
1998	47,281,476	157,371,670	324,910,509	99,010,205	1,361,176,293	6,088,084
1999	56,824,680	198,916,800	366,270,317	103,434,442	1,483,687,335	3,145,184
2000	74,361,062	Not Available	Not Available	Not Available	Not Available	Not Available
2001	76,783,294	Not Available	Not Available	Not Available	Not Available	Not Available
2002	78,605,937	Not Available	Not Available	Not Available	Not Available	Not Available
2003	109,113,476	Not Available	Not Available	Not Available	Not Available	Not Available
2004	88,558,785	Not Available	Not Available	Not Available	Not Available	Not Available
2005	16,989,370 (a)	Not Available	Not Available	Not Available	Not Available	Not Available

(a) - Through March 2005.

Sources: County General Obligation Tax notes and Eaton County Treasurer's Office

Table 12

**EATON COUNTY, MICHIGAN
PRINCIPAL TAXPAYERS - UNAUDITED**

AS OF SEPTEMBER 30, 2005

<u>Taxpayer</u>	<u>Type of business</u>	<u>Taxable Value (1)</u>	<u>Percentage of Total Taxable Value</u>
General Motors	Automotive	\$ 71,248,246	1.98%
Meijers (Goodwill)	Retail	53,152,152	1.48%
Auto Owners	Insurance	44,329,816	1.23%
Consumers Energy	Utility	34,491,662	0.96%
Magnesium Product	Automotive	28,365,300	0.79%
Lansing Delaware Partnership	Lansing Mall	17,893,195	0.50%
Lowe's Home Centers, Inc.	Retail	10,724,860	0.30%
RJ Tower Corporation	Automotive	10,058,592	0.28%
Wal-Mart Stores	Retail	9,904,603	0.28%
Alro Steel	Industrial Supply	9,285,650	0.26%
		<u>\$ 289,454,076</u>	<u>8.05%</u>

(1) Including Equivalent industrial facilities tax valuations

Source: Eaton County Equalization Department

Table 13

**EATON COUNTY, MICHIGAN
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS - UNAUDITED
AS OF SEPTEMBER 30, 2005**

Year	Population (a)	Per Capita Personal Income (b)	Unemployment Rate (c)
1996	99,716	\$ 23,167	3.30
1997	100,369	24,164	2.60
1998	101,022	24,821	3.00
1999	101,612	25,907	2.10
2000	103,655	26,984	2.40
2001	104,837 Est.	27,179	3.20
2002	104,837 Est.	27,748	3.40
2003	104,837 Est.	28,399	4.10
2004	107,056 Est.	Not Available	5.50
2005	107,056 Est.	Not Available	5.60

(a) Source: U.S. Census Bureau

(b) Source: Bureau of Economic Analysis

(c) Source: Michigan Department of Career Development, Employment Service Agency

**EATON COUNTY,
MICHIGAN**

SINGLE AUDIT

For the Year Ended September 30, 2005



REHMANN ROBSON

Certified Public Accountants

EATON COUNTY, MICHIGAN SINGLE AUDIT

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Year Ended September 30, 2005

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EATON COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2005

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Agriculture			
Passed-through Michigan Department of Education:			
School Breakfast Program	10.553	23-000-8001	\$ 6,546
National School Lunch Program	10.555	23-000-8001	11,411
Special Snack Program	10.555	23-000-8001	1,834
Food Entitlement and Bonus Commodities	10.550	23-000-8001	4,496
Passed-through Michigan Department of Community Health:			
Women, Infants and Children	10.557	XX4W1006	314,474
Total U.S. Department of Agriculture			<u>338,761</u>
U.S. Department of Housing and Urban Development			
Passed-through the Michigan State Housing Development Authority:			
Community Development Block Grant	14.228	MSC-2003-0778-HOA	<u>186,733</u>
U.S. Department of Justice			
Direct Programs:			
Local Law Enforcement Block Grant	16.592	2004-LB-BX-1274	10,454
State Criminal Alien Assistance Program	16.606	2005-F1320-MI-AP	9,897
Bulletproof Vest Partnership	16.607	2004-BOBX-0402	3,521
Passed-through Michigan Department of Human Services:			
Juvenile Accountability Block Grant:			
4/1/2004-3/31/2005	16.540	JAIBG-04-23001	7,514
4/1/2005-3/31/2006	16.540	JAIBG-05-23001	4,028
S.T.O.P. Grant	16.588	STOP-04-23001-3	61,504
Passed through Michigan State Office of Drug Control Policy and City of Lansing -			
Byrne Formula Grants - Vertical Drug	16.579	ODCP 70901-4K02	30,869
Passed-through Michigan Department of Community Health:			
OUIL III Drug Court Program	16.579	72067-3-04-B	37,284
Community Prosecution Grant	16.579	72043-3-04-B	89,997
Livescan Fingerprint and Photo Imaging	16.579	72212-1-04B	<u>8,027</u>
Total U.S. Department of Justice			<u>263,095</u>

continued...

EATON COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended September 30, 2005

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Environmental Protection Agency			
Passed-through Michigan Department of Environmental Quality:			
Radon Activities	66.032	n/a	\$ 2,300
Non-Community Water Supply:			
Operator Certification	66.471	PCA79054	12,950
Arsenic Rule Implementation	66.468	PCA41867	1,975
			<hr/>
Total U.S. Environmental Protection Agency			<hr/> 17,225 <hr/>
U.S. Department of Health and Human Services			
Passed-through Michigan Department of Community Health			
Family Planning Project	93.217	n/a	62,977
Immunization Grants			
Immunization & Vaccine Program	93.268	H23 CCHU506738	64,914
Vaccines	93.268	n/a	215,633
Bioterrorism - Supplemental:			
Focus A	93.283	CCU517018	82,422
Focus B	93.283	n/a	84,877
Focus E	93.283	n/a	14,010
Focus F	93.283	n/a	27,716
Focus G	93.283	n/a	50,326
Medical Assistance Program -			
Case Management	93.778	5XX05MI5048	11,954
Breast & Cervical Cancer Control Program	93.919	U57 CCU506738	43,700
Maternal & Child Health Services Block Grant			
Local MCH	93.994	B1MIMCHS	70,252
Case Management	93.994	n/a	13,104
Family Planning	93.994	n/a	21,998
Passed through Michigan Department of Human Services:			
Strong Families/Safe Childrer	93.556	SFSC 05-23001	5,360
Strong Families/Safe Childrer	93.556	SFSC 03-08001-3	29,465
Strong Families/Safe Childrer	93.556	SFSC 04-23002	19,676
Strong Families/Safe Childrer	93.558	CTFPR 03-23001	2,947
Healthy Families - 0 to 3 Preventior	93.558	CTFPR-05-08001	122,250
ADC Maintenance Assistance	93.560	n/a	216,028
Child Support Enforcement:			
FOC	93.563	CS/FOC-05-23001-1	853,069
Prosecuting Attorney	93.563	CS/PA-05-23002	78,313

continued...

EATON COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards (concluded)
For the Year Ended September 30, 2005

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (concluded)			
Passed-through Mid-South Substance Abuse Commission:			
Block Grants for Prevention and Treatment of Substance Abuse:			
Outpatient / Intensive Outpatient	93.959	n/a	\$ 190,837
Women's Services	93.959	n/a	21,000
Total U.S. Department of Health and Human Services			<u>2,302,828</u>
U.S. Department of Homeland Security			
Direct Program -			
FEMA Cooperating Technical Partners	97.045	EMC-2004-GR-0203	68,166
Passed-through Michigan State Police Emergency Management Division			
State Homeland Security Grants			
2004 Program	97.004	n/a	486,706
Part II SAP	97.004	n/a	7,572
Exercise Grant	97.004	n/a	975
Part II Training Grant	97.004	n/a	51,623
Passed-through Michigan State Police Emergency Management Division			
State Homeland Security Grant Program			
Emergency Management Performance Grant	97.042	n/a	33,663
Total U.S. Department of Homeland Security			<u>648,705</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 3,757,347</u></u>

EATON COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Eaton County, Michigan (the "County") and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

* * * * *



REHMANN ROBSON

Certified Public Accountants

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INTERNATIONAL

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

January 31, 2006

To the Board of Commissioners
of Eaton County
Charlotte, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **EATON COUNTY, MICHIGAN**, as of and for the year ended September 30, 2005, and have issued our report thereon dated January 31, 2006. We did not audit the financial statements of the Eaton County Road Commission, which represents 38% of the assets and 19% of the revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose report was furnished to us, and our opinions, insofar as they relate to the amounts included for the Eaton County Road Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Eaton County, Michigan's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our report and the report of other auditors noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Eaton County, Michigan's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests and the report of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

January 31, 2006

To the Board of Commissioners
of Eaton County
Charlotte, Michigan

Compliance

We have audited the compliance of *Eaton County, Michigan* with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2005. *Eaton County, Michigan's* major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of *Eaton County, Michigan's* management. Our responsibility is to express an opinion on *Eaton County, Michigan's* compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about *Eaton County, Michigan's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on *Eaton County, Michigan's* compliance with those requirements.

In our opinion, *Eaton County, Michigan* complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 2005.

Internal Control Over Compliance

The management of *Eaton County, Michigan* is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered *Eaton County, Michigan's* internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our report and the report of other auditors noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of *Eaton County, Michigan* as of and for the year ended September 30, 2005, and have issued our report thereon dated January 31, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise *Eaton County, Michigan's* basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

We did not audit the financial statements of the Eaton County Road Commission, which represents 38% of the assets and 19% of the revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the Eaton County Road Commission, is based solely on the report of the other auditors.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Lobson". The signature is written in a cursive, flowing style.

EATON COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2005

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified
not considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial statements
noted?

_____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified
not considered to be material weaknesses?

_____ yes X none reported

Type of auditors' report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)?

_____ yes X no

EATON COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended September 30, 2005

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants and Children
14.228	Community Development Block Grant
97.004	State Domestic Preparedness Equipment Support Program

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

No matters were reported.

* * * * *



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



January 31, 2006

To the Board of Commissioners
Eaton County, Michigan
Charlotte, Michigan

We have audited the basic financial statements of **Eaton County** for the year ended September 30, 2005, and have issued our report thereon dated January 31, 2006. We did not audit the financial statements of the Eaton County Road Commission, a discretely presented component unit. Those financial statements were audited by other auditors whose report was furnished to us.

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated August 2, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Eaton County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Eaton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Eaton County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Eaton County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Eaton County's compliance with those requirements.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Eaton County are described in Note 1 to the financial statements.

As described in note C to the financial statements, in 2005 the County changed accounting policies related to the new financial reporting requirements for all state and local governments, by adopting Statements of Governmental Accounting Standards (GASB Statements) No. 40 - *Deposit and Investment Risk Disclosures*. The effect of implementing this new standard did not result in the restatement of beginning net assets/fund balances.

We noted no transactions entered into by Eaton County during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the liability for uninsured risks of loss, including incurred but not reported claims, which are accounted for in certain of the County's internal service funds and for which the County utilizes the services of an independent third-party administrator to estimate the liability. We relied upon the work of the third-party expert in determining that the liability is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the collectability of accounts receivable from third party payers for healthcare services rendered by the medical care facility and district health department. We evaluated the key factors and assumptions used to develop the allowances for uncollectable accounts in determining that they are reasonable in relation to the basic financial statements taken as a whole.
- Management's estimate of the original cost and accumulated depreciation of infrastructure capital assets for the drainage districts is based on data derived from certain prior year historical cost data. We evaluated the key factors/assumptions used to develop the original cost and accumulated depreciation of the infrastructure capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of those assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. The County has posted all journal entries that we have identified as significant, and their effect is included in the County's financial statements. These journal entries included six entries that, in our judgment, indicate matters that could have a significant effect on the financial report process: (1) correctly recording bond refunding transaction in Public Works; (2) correctly recording bond refunding in Drain Commission; (3) adjusting the claims liability in the workers compensation self-insurance fund; (4) recognizing special assessments receivable in the Drain Commission; (5) recording property taxes receivable for the July levy; and (6) properly accounting for the MCF capital assets and related debt.

In addition, the attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

This letter and the accompanying memorandum are intended for the use of the Board of Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lehmann Lohman". The signature is written in a cursive, flowing style with a large initial 'L'.

Eaton County, Michigan

Comments and Recommendations

For the Year Ended September 30, 2005

During our audit we became aware of certain issues regarding internal control and financial reporting. This memorandum summarizes our comments and suggestions regarding these matters. This memorandum does not affect our report dated January 31, 2006 on the financial statements of Eaton County.

CURRENT YEAR

None.

PRIOR YEAR

Medical Care Facility Receivables. In the prior year, we noted issues regarding the reconciliation of the patient billing receivables between the subsidiary and control ledgers. During this year's audit, we noted that subsidiary and control ledgers were in agreement. Accordingly, we consider this matter resolved.

General Journal Entry Review and Approval. Last year we suggested that procedures be established for the independent review and approval of all general journal entries. Our recommendation was implemented; accordingly, we consider this matter resolved.

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